

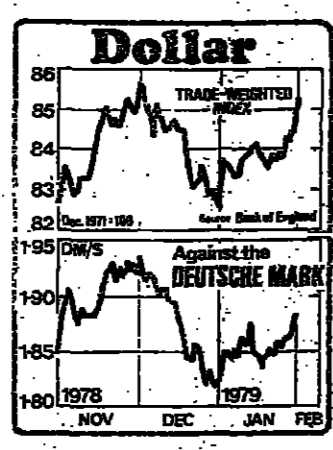
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THE SCOTCH OF A LIFETIME. The Buchanan Blend

NEWS SUMMARY

GENERAL Smith vows to stay in politics. Rhodesian Prime Minister Ian Smith intends to stay in politics until his country is granted international recognition.

BUSINESS \$ rises sharply; gilts fall further. DOLLAR made further gains in foreign exchange markets, continuing its revival over the last 10 days.



Bombing appeal. Police investigating the London car bombings have appealed for information about an Irishman named Gerry.

Immigrant probe. The Home Secretary and the Indian High Commission in London are investigating reports that Indian women are subjected to virginity checks at Heathrow Airport.

Premier sought. President Sandro Pertini of Italy started two days of consultations to find a Prime Minister to replace Sig. Giulio Andreotti.

Murder charge. Two soldiers are to be charged with murdering a 15-year-old youth in Ulster last summer.

Security move. Israeli security forces bricked up doors and windows of two houses in Jerusalem.

Hearst freed. Newspaper heiress Patricia Hearst was released from prison after serving 22 months of a seven-year sentence.

'Colonel' ruling. Five Law Lords have ruled that the naming of secrets case witness "Colonel B" by Peace News, The Leveller and the National Union of Journalists was not contempt of court.

Editor shot. Gunmen in Istanbul shot dead Mr. Abdi Ipekci, one of Turkey's most prominent journalists, and editor of Milliyet, the Liberal daily.

Briefly... Armed gang led by a bogus postman tied up the staff of a London cleaning company and escaped with about £2,400.

Table with 2 columns: RISES and FALLS. Lists various commodities and their price changes.

Hospital picketing code 'widely disobeyed'

Government stands firm on 8.8% for manual workers

BY ALAN PIKE AND RICHARD EVANS

The Government last night refused to yield any ground to local authority employers in their search for a more flexible formula to settle the manual workers' pay dispute. Ministers would be deeply concerned if, instead of settling on an 8.8 per cent formula acceptable to the Government, the local authorities unilaterally made a higher offer and financed it themselves out of the rates.

Dublin to launch political initiative on Ulster

BY STEWART DALBY IN DUBLIN

THE IRISH Government is ready to launch a new initiative to try to break the political stalemate in Ulster. The move will start when Mr. Michael O'Kennedy, Irish Foreign Minister, meets Mr. Roy Mason, Northern Ireland Secretary, in London within the next two weeks.

Ministry criticised over ship aid

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE GOVERNMENT came under criticism yesterday for failing to ensure that funds used to subsidise orders for British shipbuilders were linked with measures to rationalise the industry.

Table with 3 columns: European news, American news, Overseas news. Lists news items and their page numbers.

STINGING ATTACKS ON U.S.

Ayatollah is welcomed by millions

BY SIMON HENDERSON AND ANDREW WHITLEY IN TEHRAN

THE Ayatollah Khomeini, victor of the struggle to oust the Shah of Iran, returned home from exile yesterday to a rapturous welcome as the Government of Dr. Shapur Bakhtiar looked on ineffectively.

Tired

At the capital's main cemetery, where he paid his respects to the supporters of his movement who died in the recent troubles, the Ayatollah appealed to the army to support him.

Agreement

On the closed shop, Ministers are believed to have suggested that unions should themselves pay financial compensation to workers who are dismissed from their jobs for not belonging to unions party to a closed shop agreement.

Strength

The army yesterday kept well out of sight giving the Ayatollah's supporters a free rein. The motorcade of religious dignitaries, journalists and supporters had to negotiate its way for several miles through a massive crowd.

L'Entente Cordiale



If you're jaded by the problems and tedium of international travel, experience Air France Concorde. Our service started with one of the world's most glamorous cities: Rio.

U.S. reported repaying swap with Bank of Japan

By RICHARD HANSON IN TOKYO

THE DOLLAR traded at its best levels in Tokyo since early December yesterday before monetary authorities stopped it in to support the yen. Meanwhile, there were reports that the U.S. Federal reserve will begin repayments on the yen borrowed since November from the Bank of Japan under its swap arrangement which was activated when the U.S. currency was under strong downward pressure.

The dollar rose as high as ¥203 in fairly active trading after opening at ¥202.50. The Bank of Japan is believed to have sold about \$60m (spot turnover was \$58m) around the high for the day and the dollar closed lower at ¥202.35, up about ¥1 from Wednesday's close.

The Bank of Japan has sold dollars in several sessions recently but yesterday's selling was said to be the strongest of those interventions. The strength of the dollar apparently is offering the U.S. authorities an appropriate opportunity to pay back some of the swap funds used last year, according to Nihon Keizai Shimbun, a leading financial daily. Bank of Japan officials declined to comment on the

news report. The report said that nearly \$1bn had been used since early November for U.S. Fed intervention in yen but that figure appears to be somewhat exaggerated.

One sign that both the Japanese and Americans may be adjusting their holdings of each other's currencies through selling in the Tokyo market or repayments of swap borrowing did emerge in the January totals for Japan's official holdings of convertible foreign currencies, gold and SDRs.

The Finance Ministry said foreign reserves rose only \$90m in January to \$38,109m. This is another record high for the holdings, but the rate of increase was much lower than expected. In December reserves grew \$785m and in November they were up by a record rate of \$2,566m. January marked the fifth consecutive monthly increase.

The dollars which the U.S. Fed borrows under the swap arrangement appear in the reserves total. Officials at the finance ministry also have expressed a desire to reduce the reserve total, and show no reluctance to use dollar selling intervention in the foreign exchange market as one means of doing so.

Refineries raise prices

By YOKO SHIBATA IN TOKYO

NIPPON OIL, Japan's largest oil refiner, has announced that wholesale prices of its products will be raised by an average 15 per cent (or ¥3,550 per kilolitre) on March 16 to cope with the first stage of price rises planned by the Organisation of Petroleum Exporting Countries (OPEC) this year.

Another oil refiner, Idemitsu Kosan intends to increase oil prices in the very near future. Oil refiners such as Esso Standard Oil, Dai-ichi Oil and Kyodo Oil are expected to follow suit shortly.

According to Nippon Oil, the price rise of ¥3,550 will cover OPEC's 5 per cent crude price rise from last month, losses incurred from the yen's appreciation and cuts in gasoline prices due to fierce competition.

The Ministry of International Trade and Industry (MITI) said yesterday it may face considerable difficulty in attaining its target of private emergency oil reserves of 85 days supply as of the end of March, 1979, because of the suspension of Iranian crude oil exports.

The Japanese Government began a four-year emergency oil stockpiling programme through private companies which aimed at the equivalent oil supply of 80 days by the end of March, 1979, and 90 days by the end of March, 1982.

The oil stocks as of December last year totalled 84 days. But this will drop to 80 days by the end of coming March.

Government stockpiles total 5m kilolitres (seven days supply). The aim is for 10 kilolitres (10 days supply) by the end of March, 1982. The Government appropriated ¥120bn to buy another 2.6m kilolitres in the next fiscal year.

When air fares were trodden under foot

By David White in Paris

THE VILLAGE of Neauphle-Chateau, until yesterday the capital-in-exile of Iran, can now return to its true location of pleasant semi-suburban obscurity. Its 2,000 long-suffering inhabitants can rest assured that whatever happens to Ayatollah Khomeini, the chorus of shivering reporters and sid-booted cameramen is not itching to go back, especially after yesterday's fiasco.

The organisation of the Ayatollah's return party, after a shaky start and a full day's uncertain waiting, ended in a crescendo of confusion. When Iranian and press candidates for seats on the Ayatollah's chartered Jumbo jet were asked to form separate camps on the muddy gravel prayer-ground that used to be a front lawn, the only thing that prevented an all-out wrestling match was that it was too dark to see.

The respectful donning of shoes before entering the carpeted front room was forgotten. Money was counted on the floor, on the ground, and trodden on by those unable to find their names on the list. The South Americans suffered most from the shortage of space, but a British television crew had to fight its way on, and a central European religious expert was left complaining bitterly into the night.

The Ayatollah's return had been planned and delayed for two weeks or so, but it was left to the very last moment to give Neauphle-Chateau a taste of the rioting so familiar in Iran. The more philosophical pondered, as they raced to the airport, on what these organisational methods might augur for the fate of that country after the Ayatollah's return.

Moscow woos the Saudis

By Roger Boyes

THE SOVIET UNION has launched a concerted campaign to woo Saudi Arabia, apparently as an initial step towards establishing diplomatic relations between Moscow and Riyadh.

The first definite sign of the shift in policy came in an article this week in the authoritative journal, Literaturnaya Gazeta which portrayed Saudi Arabia in distinctly sympathetic terms. Moscow has until recently described Saudi Arabia as "feudalistic and reactionary" and as "a kingdom of darkness".

The article, clearly approved at the highest level, revealed a number of important nuances in the changing Soviet approach. "The Soviet Union and Saudi Arabia have never fought each other and have never had any insoluble conflicts," the article argued. It was written by Igor Belyaev, a senior Middle East commentator.

Similar phrasing was used by Soviet commentators before Moscow established links with a number of African countries in the 1960s, and it is clearly a way of signalling that Saudi Arabia is not exclusively in the U.S. sphere of interest.

Mr. Belyaev also stressed that strained relations between Saudi Arabia and Moscow had been distorted, apparently to serve U.S. interests in the area. "I think that the strongly exaggerated ideas of the anti-Sovietism of Saudi Arabia are deliberately created by west European and American journalists," he said.

The article comes when Mr. Oleg Grinyevsky, recently appointed head of the Soviet Foreign Ministry's Middle East department, is touring several Arab countries including neighbours of Saudi Arabia. Mr. Grinyevsky's predecessor was Mr. Mikhail Stryzko, who was known to be sympathetic towards some of the more radical Arab states. Western analysts in London speculated that his removal from the post could have been linked with the current diplomatic efforts towards Saudi Arabia.

It is also understood that a Soviet trade delegation is to visit Saudi Arabia within the next month. Trade between the two countries is at present minimal and the Soviet Union would clearly like to use Saudi Arabia as a way into certain Middle East markets.

The latest Soviet move is partly a response to the Iranian crisis—a stable "normalised" relationship with another Arab oil-producer would clearly be welcomed by Moscow—and partly a recognition of Riyadh's critical stance on the Camp David peace moves. The main obstacle to establishing diplomatic ties, however, has been "from the Saudi side, which has opposed relations with Communist Governments for religious reasons."

Prince Saud al Faisal, the Saudi Foreign Minister, last month denied reports that his Government was planning to establish diplomatic ties with Moscow. Unconfirmed reports published in Beirut said that a senior Saudi official met Mr. Andrei Gromyko, the Soviet Foreign Minister, in Geneva last month.

ALAIN CASS accompanied the Ayatollah on his return flight to Tehran

Khomeini takes the fight back home

THE BLUE and white Air France jumbo jet rolled past rows of strike-bound Iranian aircraft, idle American helicopters and silent hangars, coming to rest before an airport terminal with barely 1,000 people lining the terraces.

After what seemed a small eternity, the hunched figure of the 78-year-old religious superstar, who helped sweep away 50 years of extravagant Pahlavi rule with a few well-chosen phrases from a drab suburban dwelling in Paris, faltered down the aircraft steps.

Those who expected the Ayatollah to be given the freedom of Tehran at the airport, before a tumultuous crowd of adoring disciples, initially may have been disappointed. After a brief conference with the Iranian colonel in charge of security at the airport, the Ayatollah Khomeini was driven to the terminal building under the steady eye of armed and smiling soldiers.

By the Shah's standards, the show of strength was positively meek as the Government's most dedicated and powerful foe

stepped foot on his native soil after 14 years of exile.

The symbolic significance of an airport under the control of the armed forces cannot have been lost on the Ayatollah, who must realise that the battle for Iran may only have just begun.

But he was back from exile, spent mostly in Iraq, refining his particular brand of religious radicalism—"We want a ruler who would cut off the hand of his son if he steals." His aim is to set up an Islamic republic.

He arrived on a charter flight flown by a volunteer crew with enough fuel to return to Paris in the event of trouble and with the world's Press, of whom he had made such effective use in committing political suicide by remote control.

There was no trouble, however. At dawn, flying at 40,000 feet, the Shi'ite Moslem world's most powerful leader knelt in the direction of Mecca to offer prayers in the first-class lounge. The aircraft had just crossed into Iranian airspace and the sun was rising over the snow-capped mountains.

Half an hour later, at a sober

set-piece ceremony with his supporters at the airport, the Ayatollah delivered an immediate attack on the departed Shah and promised to "cut off the hands" of the monarch's foreign backers.

In the terminal building, veiled women wearing sober Moslem garments over their jeans, rows of grey Mullahs in white turbans and black robes, and students whose colleagues died in the recent fighting, sat reverently at their teacher's feet. In one corner an army conscript, no older than 18, wept.

"Oh Ayatollah you have smashed the idol," they chanted before moving off in a huge motorcade impressively disciplined by hundreds of marshals. What they made of my taxi with five passengers inside and two on the roof is hard to say. There was no doubt that beyond the airport perimeter Tehran belonged to Khomeini.

After a triumphal round through the city and a visit to Behesht el Zahra cemetery to pay his respects to the fallen of the Islamic revolution, the

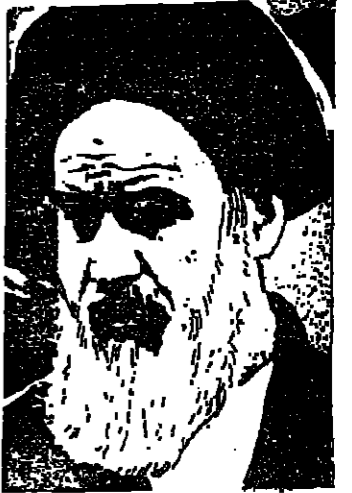
Ayatollah went home to plan and wait.

Earlier, on the aircraft, the Ayatollah's aides, who had the difficult task of translating rhetoric into concrete policy, attempted to explain the complex and alien concept of a Moslem government and what it would do.

What emerged was a tenuous though often radical set of policies which do not yet seem to add up to a coherent government programme. Undoubtedly, they will cause uncertainty, especially to the West—and the United States in particular—if only because the consequences do not seem to have been thought through.

In essence, an Islamic government would seek to maintain good relations with the West, but on equal terms. "We would be happy to sell you oil because we are well aware it is our life's blood. We are anxious to get the oilfield operating again. How much oil we sell and at what price will be determined by our own economic needs and not those of the West."

The Ayatollah's backroom



planners, who include a biochemist, a lawyer and a student of Islam, concede that Iran will still need much Western technology. "But we do not need arms," said one aide. Neither would a Khomeini-backed Government wish to be the policeman of the Gulf.

As we began our descent to Tehran a close aide said: "Khomeini is not a compromiser. He has said that Bakhtiar must go and he will not accept half measures." What if Bakhtiar stands firm and the army, divided but still profoundly conservative and overwhelmingly hostile to the Ayatollah, backs the Prime Minister? "Then we fight."

Defining the shape of an Islamic republic

By SIMON HENDERSON IN TEHRAN AND ANTONY McDERMOTT IN LONDON

IF Ayatollah Ruhollah Khomeini's political plans materialise, the Middle East will see one of its first Islamic republics since the time of the Prophet Mohammed early in the 7th century, in Arabia.

In modern times, Islam, particularly in its more conservative form, has been making an influential comeback. Partly as a result of Saudi Arabia's growing political and financial strength, governments have

been required to take growing care not to offend Islamic mores.

Even in countries with "socialist" governments, like Algeria and Syria, it has become hard to ignore the power of the mosque.

But it would also be a mistake to regard Islam—whether in its orthodox Sunni or unorthodox Shi'ite forms (the latter is practised by nine-tenths of Iran's population)—as being solely a conservative force. The Arab

countries which try hardest to conduct themselves according to Islamic principles and the sharia are perhaps Saudi Arabia and Libya—the former a monarchy and the latter a republic.

Furthermore, unlike strict Sunnism, what is known as "the door of ijtihad (interpretation)" for law has not been closed in Shi'ism. So that in theory at least Ayatollah Khomeini's dependence on Shi'ite Islam

for the running of the government does not mean that he is armed with an inflexible instrument, incapable of adapting to modern developments.

Nevertheless, the Islamic system of government which Ayatollah Khomeini wants to introduce could mean a complete reversal of previous ways of looking at Iran's development. Foreign loans might be refused, those already undertaken might be repaid early. Most importantly

for Iran, oil exports are likely to be limited to the level required to finance a much curtailed level of development.

Ayatollah Nuri, a Tehran-based colleague of Khomeini, puts the difference between the present and possible future as follows. Unlike the democracy of the kilogram and counted like cucumbers and eggs, he says, in the Islamic system numerical majority is not the yardstick.



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With good quality carpets now costing at least £10 a square metre, you can hardly be blamed for wanting to preserve their looks.

So take heart. For no more than the cost of good underlay, you can now protect them with Scotchgard Carpet Protector.

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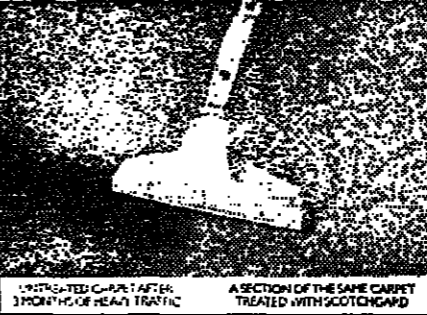
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Oil or water, it makes no difference. And anything that does sink into the pile will come out when the carpet's cleaned.

The treatment's equally effective on pure wool, fibre combinations and all

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He'll give you a free, no-obligation estimate for treating your carpets.

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A FINANCIAL TIMES SURVEY

MICROELECTRONICS

MARCH 29, 1979

The Financial Times proposes to publish a Survey on Microelectronics. The provisional synopsis is set out below.

Introduction: Microelectronics particularly in the form of the microprocessor and associated circuits, are rapidly being introduced into almost all industrial processors and a wide range of products. Recent studies by the Department of Industry have shown, however, that there is still widespread ignorance in industry about the technology and its probable impact. The uses and potential uses of microelectronics, the state of the technology and the trends within the supplying industry. Implications of the Department of Industry's £15m microprocessor applications scheme.

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AMERICAN NEWS

Rhodesia tops agenda for Vance and Owen

By David Buchan in Washington THE NEED to head off likely moves in Congress to lift sanctions on Rhodesia, after the one-man, one-vote elections there on April 20, will figure prominently in talks here today and tomorrow between Mr. Cyrus Vance, the U.S. Secretary of State, and Dr. David Owen, Britain's Foreign Secretary.

Under Mr. Ian Smith's internal settlement, which was approved by Rhodesian whites in a referendum this week, the April elections would give whites 28 seats in a 100-seat Parliament.

Southern Africa, Rhodesia and the related issue of Namibia, is expected to top the agenda at the Vance-Owen talks, although the Foreign Secretary will want to hear U.S. views on the visit to Washington of Deng Xiaoping, the Chinese Vice-Premier, and other issues such as the Mideast peace negotiations.

The chances of a successful vote in Congress to lift trade sanctions against Rhodesia have increased with the advent of Senator George McGovern as head of the Senate's Africa subcommittee in the new Congress.

The Senator believes that the internal settlement should not be dismissed lightly. He has urged Mr. Vance to send an impartial team of observers to monitor Rhodesia's April elections.

Mr. McGovern stressed that he would oppose lifting the U.S. trade boycott unless the Smith regime had made "a full and good faith effort" to negotiate with the Patriotic Front guerrillas, and had held "a legitimate nationwide election."

These are the terms of the Case-Javits amendment that Congress attached to last year's Foreign Aid Bill.

If outside observers were to report the April poll to have been "legitimate" to the satisfaction of Mr. McGovern and other Congressional liberals, a bipartisan move to lift sanctions could be mounted, perhaps as early as May.

Tony Hawkins reports from Salisbury: Mr. Smith has confirmed in a television interview that he plans to stay in politics until Rhodesia is recognised internationally.

The Prime Minister said he would not like to put himself in a position where people could turn round and say: "You left us in the lurch."

Newport News strike test for union power in South

BY JOHN WYLES IN NEW YORK

SHIPBUILDING at Newport News Shipyard, Virginia, was severely disrupted yesterday, on the second day of an official strike which looks set to be a major battle in the trade union movement's efforts to organise workers in the Southern U.S.

Virginia is a fairly typical Southern state, with a mere 15 per cent of its workforce belonging to trade unions and a generally hostile attitude to unionism symbolically enshrined in so-called "right to work laws" outlawing union closed shops.

The dispute pits the United Steelworkers of America, the fourth largest union in the U.S., against Tenneco, the multi-national conglomerate which owns the Newport News Shipyard and Drydock Company.

But the union's victory then became submerged in the depths of U.S. labour law. The company refused to accept the result and challenged the impartiality of the National Labour Relations Board in its conduct of the vote.

Much of Newport News' production is on contracts for the U.S. Navy. Since its order book is steadily declining, it may be in no great hurry to see an end to a dispute which is being closely watched for its possible implications for the development of U.S. labour relations.

national conglomerate which owns the Newport News Shipyard and Drydock Company. Tenneco successfully fought off union organising attempts until a year ago, when the Steelworkers won a representation election and were subsequently certified by the National Labour Relations Board as the bargaining agent for 19,000 shipyard production workers.

But the union's victory then became submerged in the depths of U.S. labour law. The company refused to accept the result and challenged the impartiality of the National Labour Relations Board in its conduct of the vote.

Much of Newport News' production is on contracts for the U.S. Navy. Since its order book is steadily declining, it may be in no great hurry to see an end to a dispute which is being closely watched for its possible implications for the development of U.S. labour relations.

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scheduled for the second week of March. The legal process could take months, and the union's fear is that protracted delay could erode its appeal to the 13,000 workers who have so far taken membership.

According to the union, whose pickets at the shipyard are standing eyeball to eyeball with riot-equipped Virginia state police, only about 2,500 of the 11,000 workers turned up for work on the first day of the strike.

The main target of the action is Mr. Henry Ford, the company's chairman, who it is claimed improperly employed the company's funds for a range of personal activities.

AP

Dismissed oil chief named in Ford suit

By Our New York Correspondent

LIEUT. GENERAL Ibnu Sutowo, who was dismissed as head of Pertamina, the Indonesian state oil company, in late 1976, has been named as the target of an alleged Ford Motor Company bribe aimed at securing a \$30m contract.

Mr. Sutowo is under house arrest in Indonesia, where his stewardship of Pertamina is still under investigation following its near collapse with \$3.5bn of debts.

The main target of the action is Mr. Henry Ford, the company's chairman, who it is claimed improperly employed the company's funds for a range of personal activities.

AP

CANADIAN FEDERALISM

Delicate dialogue of the deaf

BY JIM RUSK IN TORONTO



Mr. John Robarts

AN EIGHT-MEMBER task force has produced a report with detailed recommendations for the restructuring of the Canadian federation, that will provide a new focus for the debate on the country's future.

After 18 months of study, the task force, headed by M. Jean-Luc Pepin, a former federal Cabinet Minister, and Mr. John Robarts, former Ontario Premier, concluded that "Canadians are in the midst of a crisis which requires a rapid and determined response" and made 75 detailed recommendations for dealing with it.

The recommendations which find a middle ground between the constitutional position of M. Pierre Trudeau, the Prime Minister, and his arch-rival, M. Rene Levesque, the premier of Quebec, do not appear to be exactly what M. Trudeau had in mind when he appointed the commission in autumn 1977.

Mr. Trudeau had in mind when he appointed the commission in autumn 1977. It was set up in response to the challenge of the separatist Parti Quebecois, elected to govern Quebec in November 1976, and its plans for a referendum on Quebec's relations with the rest of Canada.

AP

posed of delegations representing the provinces with the members of the federal Cabinet sitting as non-voting members. The council would have the power to suspend for a period federal legislation in areas of joint jurisdiction with the provinces and to vet appointments to federal institutions such as the Supreme Court.

The task force would also propose enlarging the present House of Commons by about 60 seats, with the members for the new seats to be elected in a form of proportional representation so that the make-up of the House of Commons would more closely follow voting patterns than it does now.

At present, for instance, an English style system of constituency voting has all but deprived the Liberal Party of representation in Western Canada.

AP

Bid to cut passenger rail system

BY STEWART FLEMING IN NEW YORK

MR. BROCK ADAMS, the U.S. Transportation Secretary, has released proposals which virtually would cut in half the publicly-owned sector of the passenger rail network, Amtrak.

The plans are expected to give rise to fierce opposition from communities across the U.S. anxious about the impact of lost transportation links, and also could come under heavy fire in Congress, which has the power to veto them.

The scheme is planned to come into effect in October, bringing with it the elimination of some of the best-known passenger services, including the Southern Crescent which links Washington and New Orleans and often is cited as the country's best-run passenger railway.

AP

political support, the Administration must hope that the times favour acceptance of such a radical reorganisation of the loss-making passenger rail system.

Mr. Adams, however, claims that despite the cuts, the system will reach 22 of the nation's 25 largest urban centres in 40 states and serve 91 per cent of the people reached by the present 27,500 mile network.

In addition to cuts in the Amtrak system which must be completed by mid-May 1980, the Transportation Department recommends that Amtrak be required to meet a greater proportion of its expenses from passenger revenues than the present 36.8 per cent.

AP

By 1985 it is expected that half the system's revenues should come from passenger revenues and half from government subsidies. In addition, the system is likely to come under close scrutiny regarding the quality of service it offers.

Amtrak's total annual operating costs have increased from \$306m in 1972, the year after the passenger lines it comprises were taken into public ownership, to \$891m in fiscal year 1978. But revenues rose only from \$158m to \$313m.

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Peru's new Premier sworn in

LIMA—General Pedro Richter Prada was sworn in as Prime Minister of Peru. He said the army would support government policies directed at economic recovery and the transfer of power to civilians.

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We fly the world the way the world wants to fly.

Every day we fly the world. We fly the British to North America. Japanese to South America. Germans to the Pacific. We fly tourists from Australia to Europe. Business travellers to every major business centre. Oil men to the oil capitals of the world. All on the world's largest fleet of 747s and 747SPs. And because we have a whole world to fly, we have a good idea what the world wants from an airline. They want attention. And they want to be left alone. They want to put their trust in long experience. And they want a lot of new ideas. They want an airline committed to making air travel available to everyone. And they want an airline that stays great by knowing how to get better. See your Travel Agent and suggest Pan Am, the airline that flies to seventy-one cities in forty-seven countries around the world. Every day.



Handwritten Arabic text at the bottom of the page.

UK NEWS

Car imports take 54% of UK sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

IMPORTED CARS won a record 54 per cent of the UK market in January, according to preliminary figures circulating within the industry. But it was a highly successful month for BL, formerly British Leyland, which was the top manufacturer with a 25.4 per cent market share and sales of 38,069. This was a big improvement on the 21.3 per cent it achieved in the same month last year and was primarily due to the recovery in the volume car division Austin Morris. With sales of the facelifted Princess and those of the Marina doing particularly well, Austin Morris sales were 29,000 against 19,600 in January, 1978, pushing its market share up from 15 per cent to 19.4 per cent. Total car registrations in January, to be formally published next week, were around 158,000—a 4 per cent improvement on the same month a year ago. That, itself a month when the UK car buyers went on a spree, was 33 per cent up on January, 1977, and was surpassed only by January sales in the record year of 1973. Once again, however, importers gained most from the buoyant market. And the figures show that stocks must have been high so that in January at least sales were not too badly affected by the haulage dispute. Ford was the major importer and 51 per cent of the 35,163 cars it had registered in January were brought in from overseas. This was expected because the group needed time to build up UK production after last autumn's nine-week strike. Ford's 23.45 per cent market share probably reflects the lack of stock in dealers' showrooms when the month began. A big surprise in January was that Chrysler overtook Vauxhall, the General Motors outfit, to take third place. With registrations of 10,976, Chrysler's market share was 7.3 per cent against 5.4 per cent the previous January. This obviously had much to do with the success of the "Car of the Year," the French-built Horizon, for 32 per cent of Chrysler cars registered in January were imported. Vauxhall's market share, at 6.52 per cent, improved on the 6.28 per cent in January, 1978. But in January, 1977, it took 8 per cent and an 8.2 per cent share for the whole of last year.

Government refuses aid to £55m trade complex

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT has decided against giving financial backing to a proposed £55m trade mart complex to be built in the derelict Surrey Docks area of London. The decision, which follows months of wrangling in Whitehall over the project, is expected to be announced today by Mr. Peter Shore, Environment Secretary. The proposed 133-acre trade mart was based on a successful market complex developed in Dallas, Texas, by Mr. Trammell Crow, who runs a Texan property partnership. The London site would have provided about 1,000 permanent showrooms for manufacturers in the consumer industries, such as clothing, furniture, and giftware. It would also have given retail traders the chance to see a wide range of products on a year round basis, rather than visiting separate trade fairs held in temporary accommodation. But supporters of the mart saw it as an important factor in the development of the 5,500 acres of unused land in London's docks. It was claimed that the mart would provide several thousand new jobs in an area of high unemployment and pave the way for other building projects in the area. Increased marketing of British manufacturer's consumer goods—to both UK and overseas buyers—would also benefit consumer industries throughout the UK, the mart's sponsors claim. The Industry Department, however, was also unwilling to agree to the financial guarantees, again because of the possible risk involved. It is also thought that some Industry Department officials were unhappy at the Environment Department promoting a scheme requiring finance under the Industry Act. After several months of negotiations, a personal meeting between Mr. Crow and Mr. Shore earlier this week failed to find an alternative means of financing the project without full government guarantees. Trammell Crow is expected to maintain its interest in building the trade mart in the Surrey Docks in case alternative finance can be found. But it is also understood to be looking at projects elsewhere in Europe and the Far East where capital is easier to obtain.

Labour amendment to curb company political donations

BY ANDREW TAYLOR

LABOUR backbenchers have proposed an amendment to the Companies Bill which would allow shareholders to restrict political donations made by UK public companies. The amendment, tabled by Mr. Ian Mikardo, Labour MP for Tower Hamlets, Bethnal Green and Bow, would give shareholders the same rights as trade unionists, who can contract out of political donations made by their union. The amendment, expected to be heard next week, will be the most contentious yet considered by the standing committee on the Companies Bill. It is still not clear what line the Government will take on the proposal. Under the terms of the proposed public companies will be required to establish a special fund for political donations—out of income set aside for distribution for shareholders. Individual shareholders will then have the right to contract out of any payment made by the fund. Mikardo said that the object of the amendment was not to prohibit public companies from making political contributions but to ensure that shareholders had the same protection as trade unionists. "Just as Conservative members of my union (Association of Scientific, Technical and Managerial Staff) can say they do not want their money paid to the Labour Party, I want to ensure that shareholders of public companies can say they do not want their funds paid to the Conservatives," said Mr. Mikardo. He said that amendment, which ASTMS had helped to draft, had wide support in the Labour Party. The wording of the amendment closely resembles that of provisions in the 1913 Trade Union Act, referring to political contributions. Some Conservative backbenchers—who are strongly opposed to the amendment—were saying yesterday that they believed the Government had decided to abstain from voting on the proposal, but there is now doubt over its position. Labour supporters of the amendment said that the Government would find it difficult not to support a proposal which had long been strongly advocated by the party.

Check on oil prices 'could hit UK sales'

By Kevin Dana, Energy Correspondent

A LARGE oil company has warned the Price Commission that some supplies of oil products in the UK could be endangered if its proposed price increases are now allowed. All the larger oil companies operating in the UK—Esso, Shell, British Petroleum, Texaco and Mobil—have told the Price Commission that they intend to increase oil product prices later this month. The increases are expected to average 2p to 3p a gallon, but prices of some products such as petrol could rise by up to 4p a gallon. The increases are based partly on the very low profitability of the industry's refining and marketing operations—several were operating at a loss for part of last year—and partly on the increased crude oil prices which have caused a steep rise in the Organisation of Petroleum Exporting Countries from January 1. The oil industry is concerned that its price notifications might get caught up in the Government's proposed changes to current prices legislation. UK oil product prices are now among the lowest in Europe, and at least one oil company has told the Price Commission that it is not prepared to go on importing its normal quota of oil products from the Continent if it is forced to sell at a loss. Any check on the proposed price increases would force it to reduce sales in the UK. It is unlikely that any other oil company could step in to fill the resulting gap in the market, because of the general tightness of oil product supplies. This is already shown in the inability of some small oil product traders to meet the normal demands of some independent retailers in the UK. Prices for oil products on Europe's spot markets rose dramatically last month in response to near panic trading as uncertainty grew over how long Iranian crude oil supplies would be cut off. It is thought that none of the big UK oil companies have yet warned customers of a cut in product deliveries. But some are having to draw down crude stocks to complete refinery runs, and warnings of some cutting of deliveries could come in the next few weeks as the loss of Iranian crude is reflected more closely in crude deliveries at European ports.

Wool imports rise threatens jobs

BY RHYS DAVID, TEXTILES CORRESPONDENT

EMPLOYMENT in wool textiles, one of the more successful UK textile sectors, is expected to fall in the next two years as a result of increased competition both in the UK and in overseas markets. The industry's economic development committee in its latest report has had to reduce its estimate of export sales and make an upward revision in import penetration. It has concluded that the number of production workers in 1980 is more likely to be in the range of 47,000 to 53,000 than the earlier figure of 54,500 to 63,500. The report says that as a result of expenditure under the Government's Industry Act aid scheme, which helped to secure investment totalling around £100m, the industry has plant as well equipped and as modern as that of its main competitors. It also has some of the lowest labour costs in Europe. Despite this, there has been a growth in imports from both low and high cost sources. Imports from Italy of woollen fabrics are now considered to be seriously threatening the survival of woollen manufacturing in Yorkshire, accounting for half of the market compared with only a third three years ago. Italy increased its exports of woollen fabrics to the UK in the first half of last year by more than 50 per cent. There is also concern over the trend in exports, which accounted last year for nearly 40 per cent of the industry's sales and were worth more than £600m. After achieving substantial increases in exports between 1975 and 1977 of fabrics and yarns, the industry saw its exports of nearly all products except worsted fabrics fall in the first half of 1978. The report warns that with production falling and further productivity improvements likely as a result of investment, there is likely to be a reduction in manpower requirements unless there is a marked increase in output. The development committee concludes that there will have to be continuing vigilance to ensure that EEC policy protects the European textile industry from low cost or subsidised imports.

Official figures show public sector wages lag behind

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

OFFICIAL FIGURES support the claim by local authority and health service workers that their earnings lagged well behind those of other groups during the three years of formal incomes policy. A Commons written answer this week by Mr. John Giddings, Parliamentary Under-Secretary at the Department of Employment, shows that the earnings of health service workers in particular women—have risen much more slowly than the pay of other employees. The estimates are based on average gross weekly earnings, not basic wage rates, in April 1975, 1976, 1977 and 1978, thus covering most of each of the first three phases of pay restraint. The figures include those affected by the local authority and National Health service ancillary staffs national negotiations, though the categories are not precise. Between April 1975 and 1978 the average earnings of male health service workers rose by nearly 36 per cent compared with a 46 per cent increase in pay in all occupations and a rise of nearly 45 per cent in all manual occupations. The differences can be explained primarily by the varying impact of pay policy on public and private sector workers. In the phase three year, health service earnings rose by 12.1 per cent against a 13.3 per cent increase for all workers. The contrasts are even larger for women health service staff, whose earnings rose by 34 per cent between 1975 and 1978 compared with a 51 per cent in all occupations.

Smaller gap between rich and poor

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DIFFERENCE between rich and poor households in the UK, after taking taxes and benefits into account, narrowed significantly between 1973 and 1977, according to figures released yesterday. An article in Economic Trends, published by the Central Statistical Office, shows that the gap between the richest tenth of households and the poorest narrowed by 15 per cent. In 1975, the richest tenth of households, in terms of income after tax and benefits, were nearly 7 1/2 times better off than the poorest tenth. By 1977 households in the upper bracket, were only 6 1/2 times wealthier. Households in the top two-fifths of the income scale were net contributors, and in the bottom fifth net recipients of redistribution. The bottom fifth in terms of original income, containing 12 per cent of individuals, were comparatively large gainers. With average original income of £210 per household—or 1 per cent of all original income—their disposable income increased to £1,470 after the effect of direct taxes and cash benefits, and to £1,750 when the effects of indirect taxes and health and education benefits were included. This bought their share of final income to 9 per cent.

Private health care claims 8m subscribers

BY ERIC SHORT

THE NUMBER of people who would like to have private medical treatment in preference to the National Health Service has doubled over the past three years, Mr. Derek Damerell, chief executive of the British United Provident Association, the largest medical insurance agency in the UK, said yesterday. At the launching of a new BUPA insurance plan, Mr. Damerell said that there had been a dramatic change in the outlook of the general public towards private medicine. Now BUPA estimated that about eight million people would seek private treatment if they became ill. There was also a growing demand by both blue and white collar workers for health insurance to enable them to use private medical facilities. About 20 per cent of BUPA's members were trade unionists. BUPA plans to build a new hospital in London, which will be the biggest in the private sector. Health insurance has recovered from the decline in membership in the mid-1970s—BUPA recorded a 4 per cent rise in membership last year. Mr. Damerell was emphatic that the private sector of medicine complemented the NHS services and did not operate in opposition.

Gas and oil projects offered Euroloans

BY ERIC SHORT

THE EUROPEAN Commission wants applications for the fifth round of interest-free loans for projects involving new technological development in the exploration, production, transport and storage of oil and gas. The Commission is making £13.5m available for loans of between 30 per cent and 40 per cent of the total cost of a project. The loans are repayable on projects which are then exploited commercially. The closing date for applications is expected to be towards the end of May. The interest-free loan scheme was introduced in 1973 and so far £82m has been made available with £24m of this going to UK companies. The Energy Department has prepared a booklet, Community Projects in the Hydrocarbons Sector, which is aimed at helping British companies to take advantage of the scheme.

Rolls seeks approval for big price rise

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ROLLS-ROYCE Motors has submitted another price increase proposal to the Price Commission and has warned dealers that it will be "substantial". Trade sources suggest that it could be as much as 10 per cent. The group last put up home market prices by 6.5 per cent in September, taking the retail cost of the Silver Shadow to £28,466. Rolls maintains that it needs the price increase to help fund the major investment programme it is pushing through for diesel engines as well as cars. This will involve expenditure of about £30m over the next two or three years. It also follows spending of £37m since the group went public in 1973 when it had to "catch up" after production facilities had been starved of funds in the years before the old Rolls-Royce group collapsed financially. Mr. David Plastow, group managing director, insists, however, that Rolls does not commit any capital expenditure before the capital is provided for, so that there would be no need to call on shareholders for more cash as a result of the investment programme. Rolls is deliberately vague about car production targets but should make 200 to 300 more this year than the 3,900 produced in 1978—in line with its aim of an average annual volume growth of between 5 and 7 per cent.

Polyethylene price rise of 10%

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries is to raise the price of its low density polyethylene (LDPE) by 10 per cent at the beginning of March. The increase follows an earlier 10 per cent rise that took effect at the start of the year and yesterday the group said it planned to put up LDPE by another 10 per cent in May. Total ICI price rises of 30 per cent for LDPE by the middle of the year are certain to lead to increases in the price of polythene packaging film.



Where Eagles Dare

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Advertisement for SEKISUI PREFAB HOMES, LTD. Osaka. Adjustment of the Conversion Price of the 6 1/2% DM 50,000,000 Convertible Bearer Debentures 1976/1987. By the resolution of the Board of Directors of December 14, 1978, Sekisui Prefab Homes, Ltd., makes a free distribution of shares of Common Stock to its shareholders of record on January 31, 1979, in the ratio of one new share for each ten shares held. Therefore, the conversion price of the 6 1/2% Convertible Bearer Debentures 1976/1987 will be adjusted pursuant to Section 4 of the Loan Terms effective February 1, 1979, from Yen 578 to Yen 789.20 for each share of Common Stock. Frankfurt am Main, in January, 1979. On behalf of Sekisui Prefab Homes, Ltd. Dresdner Bank Aktiengesellschaft

RHYS DAVID SPOTLIGHTS ONE AREA'S JOB CRISIS

Why the Mersey sound is gloomy

OPTIMISTS who thought that for the Merseyside economy there could never be another year quite like 1978 must already be having their doubts. For after only one month of the New Year, more than 3,000 redundancies have been announced by just two companies to add to the 14,000 job losses in big companies alone last year. The latest losses are at Plessey, which is reducing staff further at its huge Edge Lane factory where at the start of this decade more than 10,000 people were employed. The number before yesterday's announcement had already fallen to only 4,200 and will be reduced now by a further 800. The entire workforce could be at risk if it proves impossible to introduce a modernisation plan. Less than two weeks ago, it was Dunlop which announced that it would be closing its Speke factory with the loss of 2,400 jobs and in both cases changes in technology are being blamed. The replacement of cross-ply by longer-lasting radial tyres, the decline in the UK original equipment market as a result of car imports, and the rapid growth of tyre imports from Eastern Europe have all forced on Dunlop a major rationalisation of its UK production facilities. Plessey's labour requirements have been hit by a similar switch from electro-mechanical telephone exchanges requiring complicated assembly work to modern electronic exchanges using printed circuits. But although changing technology has played its part—particularly in these two closures—the question that remains unanswered is why, when companies choose to rationalise, the blow so often falls hardest on Merseyside workers. At such a time it is frequently the Merseyside factories of big companies which turn out not to have been receiving a continued updating of investment or a share of growing activity sufficient to compensate for declining areas. There are of course exceptions—notably Ford which is ploughing back about £200m into its Halewood plant to fund production of parts for its planned Erica car. Other groups too, such as Tate and Lyle, have made efforts to develop completely new businesses—in Tate and Lyle's case chemicals from sugar—to compensate for a contraction in cane refining brought about by EEC agricultural policy. Plessey itself has built a new factory at Huyton in Liverpool to manufacture the new exchanges employing around 1,100 people, and the wider area around Merseyside has won itself a stake in the expanding micro-circuitry field with the announcement yesterday that GEC-Fairchild is to set up a plant in Cheshire to manufacture silicone chips. The difficult task for planners trying to revitalise the area, however, is that many companies are not reluctant—despite acute skill shortages—to disband their labour force on Merseyside particularly if their roots are elsewhere in the country. British Leyland which only moved to Liverpool in the 1960s decided last year to transfer production of its TR7 sports car back to Coventry, the headquarters of its Triumph subsidiary. Lucas, which has been making aerospace equipment in Liverpool since the war, also decided to concentrate production in the Midlands, though it was subsequently persuaded to build a new factory in Liverpool to compensate for the closure of its Victor works. The explanations for this are no doubt various but one factor to which a number of companies are prepared to point is labour attitudes. The vast bulk of Merseyside's 600,000-strong labour force is prepared to work as hard as people in any other part of the country. There are a number of companies however which are concerned at low rates of productivity and above-average levels of absenteeism. These are seen as potentially much more damaging to prospects of running a business successfully than strike action—an area in which Merseyside, despite its reputation, is probably no worse than many other conurbations. The problems which many companies experience are capable of solution with good management but the danger is that they have become self-perpetuating. Workers made redundant several times develop a work-sharing mentality which is itself expressed in low productivity and an unwillingness to accept change. The burden of achieving change has fallen on Merseyside County Council which now has a wide programme of action designed together with aid available from the Government

Auction record of £5,500 for Bru doll

A BRU DOLL fetched £5,500 at Christie's, South Kensington, yesterday. It was made in Paris and the price was believed to be an auction record for a Bru doll. At Christie's, King Street, English furniture totalled £68,285 with top prices of £2,600 for a satinwood Carlton House

SALEROOM

BY ANTONY THORNCROFT

desk, to Sternberg, and £1,750 for a William and Mary walnut chest. The same sum secured an Edwardian painted Carlton House desk. At Phillips, a folio of 40 plates by Alphonse Mucha entitled Figures Decoratives made £1,300 in an art nouveau sale. Four panels representing Scientific Instruments, watches and clocks totalled £171,134 at Sotheby's. Banham bought George III mahogany longcase clock for £5,800 and a tortoiseshell and gilt metal oval bracket clock, made for the Turkish market, sold for £3,000. Banham also secured a small walnut regulator by Frohman for £4,400. At Sotheby's, Belgrave, objects of vertu realised £48,888. At Bonhams, furniture totalled £22,940.

Big groups head growth in sales

BY PAUL TAYLOR

SALES IN Britain's shops increased by 23 per cent to almost £39bn in 1977, according to provisional figures published by the Government yesterday. The large multiple stores showed the fastest sales growth, accounting for over 52 per cent of total sales.

The survey results, published in *Trade and Industry*, were based on returns from about 7 per cent of Britain's 281,103 retailers, including virtually all the largest stores.

The 13 per cent growth figure is similar to that shown by the monthly retail sales index. Turnover of single outlet retailers grew least rapidly, by about 9 per cent, in contrast to the multiple retailers who increased sales by 15 per cent.

By business grouping the sharpest rises in turnover were recorded by the confectionery, tobacconist and newsagent group and mixed retail businesses, but this may in part reflect reclassification. The smallest increase was shown in clothing and footwear.

In total the 385,954 retail outlets employed more than 2.4m people and made gross profits of £10.1bn on sales of £38.68bn. Total capital expenditure during the year was £866m, stock ratio to turnover increased to 8.1, and gross margins as a percentage of turnover averaged 27.4 per cent.

Within the size classification large multiple retailers accounted for £20.4bn in sales, employed 1.1m people and shared the highest gross margin of 28.5 per cent with the small multiple retailers.

By business grouping the 52,182 grocers and general food retailers, with a total turnover of £7.8bn, had the lowest gross margins at 16.5 per cent. Household goods retailers with total turnover of £3.4bn had the highest net capital expenditure, £289m, and the highest gross margins at 40.4 per cent. The 37,541 clothing and footwear retailers had a turnover of £3.6bn and margins of 38.5 per cent.

The 2,120 mixed retail businesses employed about 600,000 people, accounted for about 28 per cent of total turnover and returned gross margins of 28.8 per cent.

Toys inquiry 'unjust burden' says survey

BY ARNOLD KRANSDORFF

THE PRICE COMMISSION'S inquiry into the toys and games market, announced by the Government just before Christmas, was yesterday described as an "unjust burden" to impose on the industry at this time.

Mr. John Stevens, of stockbrokers Griesevon Grant, says in the latest Jordan survey on the sector that there is little evidence of any clear monopolies in the industry, let alone misuse of monopoly power.

Referring to manufacturers' past profits performance, he says: "The figures showing pre-tax profits as a percentage of sales do not provide any substantial evidence of excessive profits being made."

Indeed, such a situation would be most unlikely given the intensely competitive nature of the industry and the need to maintain a sharp entrepreneurial approach, if a strong competitive position is to be held.

He adds: "Governments do strange things as an election year approaches so the industry should not, perhaps, have been too surprised."

Although there had apparently been complaints from consumers about prices, most people connected with the industry would emphasise that one of its main characteristics recently was that prices had been under steady pressure.

If a consumer considered a product too expensive, he had only to select a different product elsewhere which appeared to be better value.

The Price Commission's report is expected to be published in time for possible pricing adjustments to be made before the Christmas toy rush starts in December.

Ulster companies win grants for expansion

BY OUR BELFAST CORRESPONDENT

THE NORTHERN Ireland Department of Commerce is to give grants for two expansion programmes in the paper and packaging industries providing nearly 90 jobs.

Some aid — announced yesterday — will be for a £2.5m re-equipment scheme undertaken by North of Ireland Paper Mills at Larne, County Antrim, and by its subsidiary, Invercon, which manufactures toilet rolls and paper towels. About 55 jobs will be provided.

The two companies and their associated marketing company, United Paper Merchants, are part of a Dutch group, Buehrmann-Tetterode.

Finlay Packaging of Belfast will receive assistance towards a £1.2m re-equipment programme. It should provide 32 more jobs in a high unemployment area.

BOC forms new division

BY SUE CAMERON, CHEMICALS CORRESPONDENT

BOC IS TO put all its cryogenic engineering and contracting operations within a single, new division in early March.

The new cryogenics division — the term covers processes that are carried out at extremely low temperatures of -196C or more — will incorporate Cryoplants Fuel Gas and Engineering Services, Cryogenic Refrigeration Systems and Techsep. These operations are all either wholly owned BOC subsidiaries or sectors of existing BOC divisions.

The biggest part of the division will be Cryoplants which designs and makes air separation units — these cool and liquefy air and split it into its component gases including oxygen and nitrogen. Last year Cryoplants had exports worth £15.5m.

The new division, which will be headed by Mr. Paul Charlesworth, the managing director of Cryoplants, will be based at Edmonton, North London.

CONTRACTS

Orders worth £4.7m

DOWSETT ENGINEERING CONSTRUCTION has been awarded three contracts worth £4.7m. The largest is valued at £2.67m and involves the construction of an amenity building, workshops, stores and a sub-station at Gascoigne Wood, Selby coal field, for the National Coal Board. The other two contracts are a £1.1m retail store extension in Whitefarsgate Street, Hull, for the Littlewoods Organisation and a major telephone exchange extension at Rotherham costing £835,000 for the Property Services Agency.

PLESSEY AVIONICS AND COMMUNICATIONS has received three orders worth £200,000 for PRD1100 Mk. II systems. The first, from the Post Office, was for supply and installation of the Thrumster Shore terminal of the Beatrice oil field link. The most recent, from

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AMSTERDAM, January 29th, 1979. AMSTERDAM DEPOSITORY COMPANY N.V.

Company profits 'may come under pressure'

BY DAVID FREUD

PROFITABILITY in the corporate sector has been partially restored over the last three years after the financing crisis of 1974 and 1975, according to City stockbrokers Wood Mackenzie.

In its latest circular, published yesterday, the firm says it expects the profits recovery to have continued in the second half of last year and into 1979.

But, by the end of this year the trend may be less favourable and with a slowdown in economy activity, profit margins may once again come under pressure.

"If it is too early to estimate the impact on profits and finances since the trend in UK inflation and the sterling exchange rate are important variables, but at this stage, we are adopting a cautious view of prospects in 1980," it says.

Liquidity has improved dramatically since the end of 1974, when the firm's sample of companies had a combined deficit of £1bn.

During 1975 and 1976 the companies sought to restore the position by raising equity finance. There was also recourse to other forms of borrowing, particularly overseas.

Inflation effects

"Consequently, by the end of 1976 the liquid position had been fully restored and an overall positive balance achieved. Since then, it has been a feature of many balance-sheets that a high cash content has been maintained."

The firm says that the effect of inflation over the 10 years from 1969 has been to reduce the revenue return to equity shareholders.

Adjusting for the increased value of net fixed assets and implementing the Hyde Inflation guidelines and the accounting standard on deferred taxation (SSAP15), the return has fallen from an average of 7.6 per cent over the first five years to 6.2 per cent over the latter period.

Pre-tax profit margins, on a historic cost basis, are expected to increase by 8.5 per cent in the current year, slightly up on the 8 per cent increase estimated for last year.

Turnover is forecast to rise by 12.5 per cent and pre-tax profits by 14 per cent, down from the firm's earlier projection of 16 per cent. However, if wage settlements emerge for the present disputes at a significantly higher level than previously expected, the firm warns that a further downward revision in the projections may be needed.

Beer production up 1.8% last year

BEER PRODUCTION last year rose slightly less than 2 per cent according to figures released by the Brewers' Society.

Total production for 1978 was 40.6m bulk barrels, an increase of 1.8 per cent on 1977. In December, production was down by 11.6 per cent to slightly more than 3m barrels.

The society said the December fall had been expected after the very high production levels of October and November when the trade was stocking up for Christmas and New Year trade.

It said the total was in line with forecasts made at the beginning of last year.

Beer consumption in January is likely to be reduced further by the effects of the lorry drivers' strike and poor weather.

UK oil output at peak

By Kevin Done, Energy Correspondent

CRUDE OIL production in the UK fell short of Government forecasts last year, but in December the North Sea oil fields were producing at a record level.

Production last year totalled 52.8m tonnes compared with Department of Energy forecasts in the spring of 55m to 65m tonnes. A later forecast was made in November of 53m to 54m tonnes.

The lower production rate was caused by delays in some fields coming on stream and by technical difficulties.

The average daily crude production in December was 1,348,251 barrels compared with 1,281,912 barrels in November, the Department of Energy said yesterday.

Total output in December was 5,587,015 tonnes compared with 5,137,542 tonnes in November.

Production of crude oil from the North Sea since June 1975, when the first oil was landed from the Argyll Field, totalled more than 102m tonnes by the end of December.

The UK should reach self-sufficiency in crude oil production next year.

Consumers demand say on State industries

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE DOMINANCE of the nationalised industries over the consumer amounts "virtually to a power of taxation," the National Consumer Council claimed yesterday.

The council, in evidence to a sub-committee of the Commons select committee on nationalised industries, emphasised its "strong belief in the principle of consumer representation in the nationalised industries."

Although the nationalised industries provided goods and services on a commercial basis, it said, "consumers have little ability to signal their wishes to the industry by use of their buying power."

"Unless there is a strong consumer involvement in policy making, there is a natural tendency for the professionals in the industry concerned to organise it in such a way that the concentration is on the development of production rather than on meeting more effectively the needs of the people."

The council called for more public accountability of nationalised industries and suggested that consumer representatives on the decision-making bodies in the various industries "have an important part to play in this."

The Government has already promised to introduce legislation in March to give more power to consumer interests in nationalised industries.

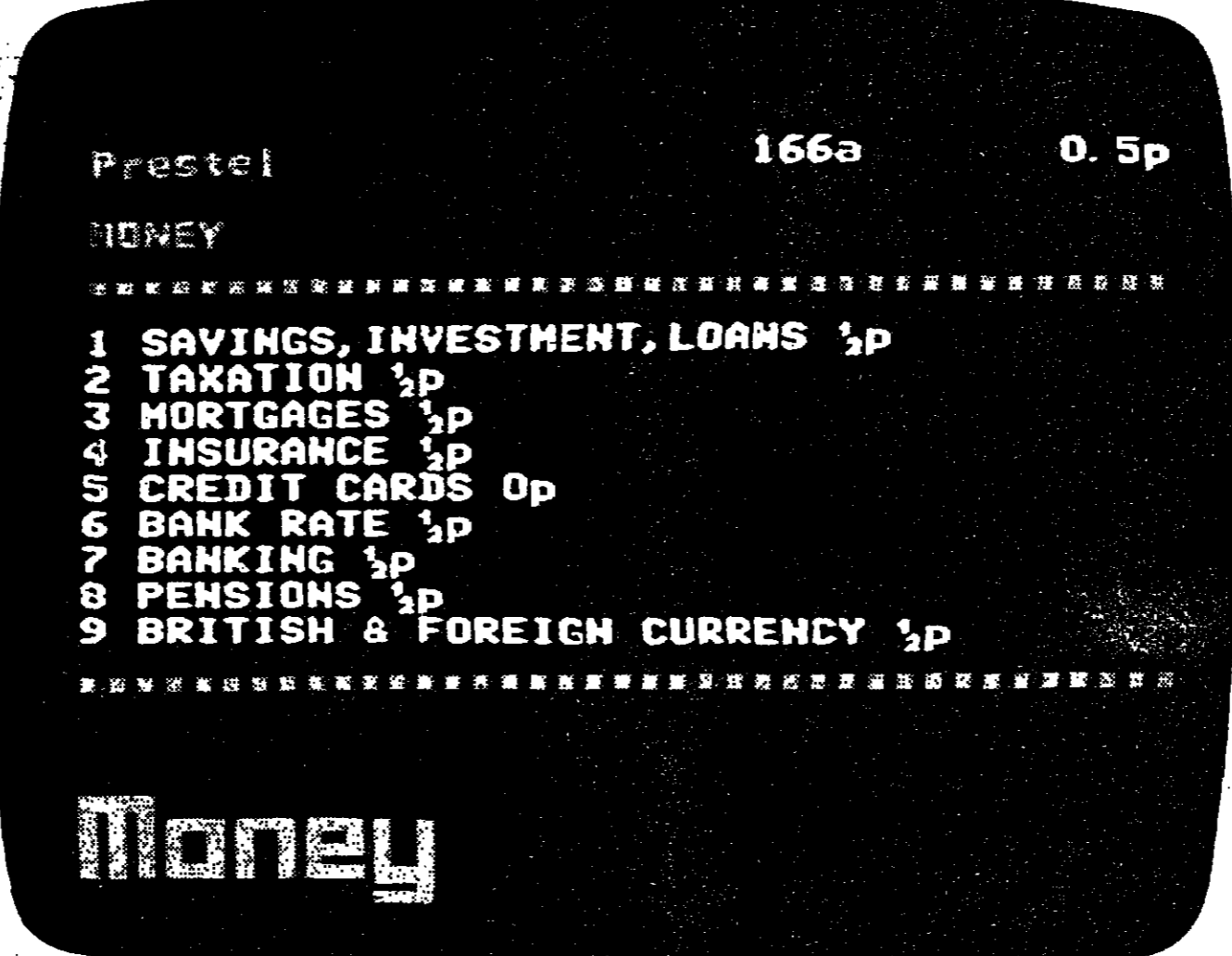
British Nuclear Fuels wants Wastwater supply

BRITISH Nuclear Fuels would rather take water from Wastwater in Cumbria to feed its Windscale and Calder works than from Ennerdale, which the North West Water Authority wants to raise by four feet to supply the company's needs.

The company said yesterday that supplies in Wastwater were pure and abstraction would not cause environmental damage. Water from Ennerdale would need to be treated. The company needs to increase its consumption from 9.5m to 16.5m gallons a day.

The Ennerdale scheme is being opposed by the Lake District National Park, local authorities and environmentalists.

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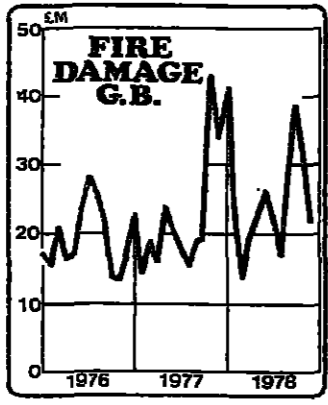
We have a view to the future.

UK NEWS

Fire costs a record £309m last year

BY ERIC SHORT

FIRE DAMAGE costs in Britain last year soared to a record level of £309.3m, according to figures issued yesterday by the British Insurance Association.



In all, there were 40 major fires in 1978, compared with 19 in 1977. But the number costing more than £25,000 was only slightly higher at 1,148 against 1,117 in 1977. So it was the amount of major fires that accounted for the rise in costs.

The costs for 1977, however, were affected by the firemen's strike, which started in the middle of November. The 1978 results were much less affected, because the strike ended on January 16. Thus the underlying growth in fire damage was much higher than the recorded 18 per cent.

There were two major fires — at Southdown College, Portsmouth and at a steel foundry in Guisborough, Cleveland. There were 13 fires where damage in each case was at least £250,000.

Distillers increases some whisky prices

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE DISTILLERS Company yesterday raised the prices for a number of its whisky brands by at least 10p a bottle following the Price Commission's decision not to investigate the increases.

The brands covered by the price rises are those whose prices were sharply raised a year ago to protect its sales in export markets.

This followed the European Commission's ruling that distillers could not adopt a dual-price structure by which it charged a higher price in Europe than in the UK. The higher European price was aimed at protecting distillers' European distributors.

But this year distillers has only added 10p a bottle to the UK wholesale price of Johnnie Walker Black Label, Dewar's, Black and White, and Vat 69 brands.

The Antiquary brand has gone up by 50p a bottle on the wholesale price.

Distillers is also expected to notify the Price Commission soon of its intention to raise

prices for its main UK brands, such as Haig and White Horse, which were last increased in price in August.

Meanwhile, Allied Breweries has become the first of the major breweries to announce a 3p per pint price rise from February 14. The other breweries are expected to follow shortly, although at least one is likely to have its increase investigated by the Price Commission.

Customs and Excise has tightened up the rules on disposal of duty-free samples of whisky used by manufacturers for testing, in line with a recommendation by the Commons Public Accounts Committee in August.

The committee criticised the trade practice by which distillers sometimes sold unconsumed duty-free samples with duty-paid whisky, costing the Exchequer £7m a year. It arose through a duty-free allowance for test sampling of up to a tenth of a gallon of each 48 galls. of spirit in bonded warehouses.

Under new regulations, if a sample is "remnant" of a sample is not required for the purpose authorised, it must be returned to the warehouse or destroyed. Otherwise duty is payable. Records must be kept

UK engineering fears Iran crisis will hit growth

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE ENGINEERING industry is offered little prospect of growth this year due to the expected slow-down in export markets in the wake of the Iranian crisis.

The forecast, from the Engineering Employers Federation, says that the home market for engineering products "cannot be expected to expand very greatly" in the light of predictions that the UK economy will grow more slowly in 1979.

At the same time export markets, which did much to boost the engineering industry's order books in the latter half of 1978, offer prospects "less good than once had been hoped, as world trade growth will be slowed down in the wake of the troubles in Iran."

Iran accounts for about 3 per cent of the industry's exports, but more damaging than the possible loss of all this market is the effect that lost Iranian oil production will have on the growth in world trade.

The federation's commentary, based on the latest official statistics, was drawn up before the road haulage strike. This is expected to result in a slight drop in engineering production for January and February, although the industry is expected to make this up later.

More disturbing, however, is the effect that non-delivery of goods due to the strike is likely to have on export orders.

The expected cancellation of some orders during the year will come when the strength of sterling is making UK exports less competitive. The federation's view is that the industry has gained little from North Sea oil, which has kept the pound high, while much of the increased national income has been spent on imports.

It sees the 1978 level of home market orders and sales for engineering products as "very disappointing in view of the quite rapid growth of the UK economy."

Analysts gloomy on Budget prospects

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INCREASED pessimism about the outcome of the current pay round and about the size of tax increases or public spending cuts in the spring Budget has been expressed by several City analysts in a series of recent brokers' reviews.

The latest, published today by brokers Phillips and Drew, says that prospects for this pay round have clearly worsened considerably. Accordingly, the firm has revised upwards its previous estimate of a 10 to 12 per cent earnings out-turn in the current round up to about 14 per cent.

This incorporates a 12 per cent rise in average public sector pay and a 15 per cent increase in the private sector.

If this turns out to be the case and personal tax allowances are increased in line with inflation in the spring Budget, the public sector borrowing requirement in 1979-80 might be around £3bn to £10bn.

Phillips and Drew argues that to achieve an £8.5bn figure for the year—treated by Mr. Denis Healey, the Chancellor as a ceiling—would require a £1.5bn

to £2bn offset to the indexation of personal tax allowances through higher taxes elsewhere or perhaps public spending cuts.

The offset required is larger than the consequent reduction in public sector borrowing because of the tendency of the latter to rise as economic activity slows.

In the forecasts it is assumed that indexation of personal tax allowances will be offset by a combination of higher indirect taxes, higher corporate taxes (possibly in the form of a further surcharge on employers' national insurance contributions) and public spending cuts.

The growth of real Gross Domestic Product is expected to decline significantly, mainly because of a rapid tapering in the growth of real consumer spending.

After an expansion of total output of 3 per cent in calendar 1978, 2 per cent growth is projected for 1979. This implies that adult unemployment will be on a rising trend from the middle of the year to at least the end of 1980.

Brokers Fielding Newsom-Smith are more optimistic about public sector borrowing and remain strategically bullish in the medium-term about the gilt-edged market.

But it is not tactically bearish for the short term because of what the firm describes as "the strong wage push that has emerged quite unexpectedly since Christmas."

The firm warns that if the growth of the money stock in the next month or two threatens to breach the upper target limit, as it expects, then there will probably need to be a call for special deposits, a further rise in Minimum Lending Rate and a cut in the price in the gilt-edged tap stocks.

Company failures continue to fall

BY JAMES BARTHOLOMEW

THE NUMBER of company liquidations continued to fall in the last quarter of 1978, according to today's issue of the Department of Trade's publication, Trade and Industry.

Company liquidations, seasonally adjusted, fell 8 per cent compared with the previous quarter. The fall from the same period in 1977 was greater at 17 per cent. This continues the trend which began in the third quarter of 1977 and brings company liquidations down to their lowest level since the third quarter of 1974.

The total of 5,080 liquidations for last year is 13 per cent lower than in 1977 and the lowest since 1974.

The fall over the last year has been almost entirely due to a drop in creditors' voluntary liquidations. In contrast, the number of compulsory liquidations has fallen only slightly. Historically, creditors' voluntary liquidations have been the higher of the two. But for the first time since at least 1967, compulsory liquidations are in the majority.

The trade in bankruptcies is less clear. They dropped markedly in 1977 after a change in the monetary limits in bankruptcy proceedings and higher deposits on petitions. So, although the total of receiving orders fell again last year—by 13 per cent—this could be an exaggeration of the underlying movement.

Volkswagen and MAN trucks in UK venture

A JOINT distribution company in the UK for MAN, the West German truck manufacturer, and Volkswagen, became fully operational yesterday.

The new company, MAN-VW Truck and Bus, is intended to strengthen existing commercial vehicle links.

The UK is the first country where agreement has been reached and the two companies intend to set up similar links in all European markets.

The marketing company is owned jointly by the two manufacturers and their distributor, Tozer, Kemsley and Millbourn (TKM) and Volkswagen (GB) a Lönrho subsidiary.

Tarling's Lords bid to halt extradition fails

MR. RICHARD TARLING, former chairman of Haw Par Brothers International, failed yesterday in a new court bid to avoid extradition to Singapore on five company law charges.



Mr. Richard Tarling

The House of Lords Appeal Committee refused Mr. Tarling leave to challenge a ruling by the Queen's Bench Divisional Court in December that it would be neither "unjust" nor "oppressive" to require Mr. Tarling to return to Singapore to face the charges.

Mr. Tarling, once a business colleague of Mr. Jim Slater, the financier afterwards declined to comment on the Lords' decision, but his lawyers said that they would consider petitioning the Home Secretary.

Mr. Tarling's counsel, Mr. Louis Blom-Cooper, QC, had submitted that the Divisional Court had taken a too restricted view of the case.

It had not taken into account that Mr. Tarling had not been an executive director of Haw Par and had received no remuneration from them, nor that he had taken professional advice on what should go into the Haw Par accounts.

"It is not simply a question that Mr. Tarling has a defence under the Companies Act of Singapore," said Mr. Blom-Cooper. "But the prosecution cannot even establish a case for

a conviction under Singapore law." Mr. Tarling's application for leave to appeal to the Lords was opposed by the Singapore Government.

It was his second such application to the Lords. On the first occasion he was given leave to appeal and after a hearing in January, 1978, the Lords threw out one of the charges against him.

Big demand forecast for car components

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AN INCREASE in demand for primary motor components, such as tyres and batteries, is forecast by AC Delco, the European component division of General Motors, but it warns that Europe's manufacturers will be forced to consolidate.

It expects the European market for primary components to rise from the current £9bn a year to around £10.5bn at current retail values by 1985.

But as more car manufacturers turn to common components the number of suppliers will shrink suggests the group in a report covering the industry across Western Europe.

It says that in the U.S. three big manufacturers produce 9m vehicles a year and there are about 30 major component suppliers.

In Europe 12 big manufacturers produce only slightly more vehicles and are supplied by 290 important components makers.

The report suggests that only the financially large component suppliers will have the resources to keep pace with changes in technology and output.

Mr. Peter Batchelor, the company's sales director said yesterday.

The report expects the use of the microprocessor to eventually eliminate some of the 7,500 or so moving parts in the average family saloon car and reduce the potential for deterioration and the need for repair or replacement.

"Ten years ago the average car probably had at most two electronic components and one of them was a radio, if fitted. Today there may be as many as 12 and by 1985, on some more advanced vehicles, up to 32," it says.

The report expects the UK market for primary components to rise from £1.3bn to £1.5bn a year by 1985.

The UK would therefore, it says, remain fourth-largest individual market behind West Germany, where the current £2bn demand should rise to £2.36bn with France, forecast to grow from £1.84bn to £2.07bn; and Italy, expected to go up from £1.44bn to £1.7bn.

Original equipment accounts for roughly 25 per cent of the European total and the replacement market for the rest, indicates the importance of this part of the business.

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Lloyds blazes trail for banks

LLOYDS BANK'S decision to enter the home loans business has sent a ripple of excitement through the UK financial community. Clearly, for many people, it represents the beginning of a big push by the clearing banks to enter a market which has hitherto been virtually the sole preserve of the building societies.

Nevertheless, the move is not entirely unexpected. A number of U.S. financial institutions have been in the same market in the UK for the past two years. Most important of these is Citibank Trust, part of America's giant Citicorp, which first started lending money for house purchase in the UK in 1976. Others include Security Pacific Finance and Boston Trust and Savings.

These North American institutions identified a clear gap market, having started off in the less glamorous second mortgage business. This gap comes at the expensive end of the housing market—for houses costing £25,000 and more—where building societies are lending less than 1 per cent of their funds.

This is the market Lloyds is now aiming at. Typically, it will lend between £25,000 and £50,000, but will go as high as £150,000 for the right customer. This is not as extraordinary as it may sound; the average price of a house in Greater London for previous owner-occupiers is already £25,000.

The lending rates are fairly similar to those applied by the building societies: loans will be based on a multiple of 2½ times income, restricted to 80 per cent of the house price, and will have a term of 20 years. Lloyds will not be lending for the purchase of specialised or investment properties. Probably the most important

HIGHER MORTGAGE ALTERNATIVES. In each case the interest is variable. Table with columns: Institution, Size of loan, Term (years), Approximate interest rate (%). Rows include Citibank Trust, Boston Trust, Security Pacific, Lloyds Bank, Building Societies.

NEWS ANALYSIS • HOME LOANS

BY DAVID FREUD AND MICHAEL LAFFERTY

feature of the scheme is the interest rate. To start with, this is being set at 3 per cent over bank base rate, which comes out at 15½ per cent. Lloyds say it may eventually shave the mark-up to 2½ per cent. Either way, a rough comparison is provided by average building society rates for loans of a similar size of about 14 per cent.

The problem for most people is that, in practice, the building societies have not been able to lend the amounts of money Lloyds is talking about as a minimum.

Up to now, buyers of more expensive houses have very often had to put together combinations of long-term building society and shorter term bank finance. Such exercises can often be frustrating, so it is highly likely that the Lloyds scheme will be welcomed by the type of customers it is aimed at: "rising young executives, solicitors, accountants, and directors who are well advanced in their careers."

The prospect of being able to negotiate a complete house mortgage deal for loans of this size at one visit to a bank manager obviously has its attractions when compared with the uncertainty of dealing with the typical building society manager.

To start with, Lloyds has allocated £20m for home loans. According to Fred Crawley, deputy chief general manager, it is just a "toe in the water." He sees it as "a modest scheme to start with, which will be very flexible, and adds to the range of Lloyds customer services." And five years from now? "We—the clearing banks—shall certainly be a much more significant force in the mortgage market," says Mr. Crawley.

Within a year—or as soon as the "corset" lending controls on the banks are relaxed—Lloyds looks like being joined by Barclays Bank. In best competitive spirit, Barclays is saying that, when it does join the mortgage market, it will do so on a broader range and at competitive rates. By implication therefore, it will be lending much more in direct competition with the building societies than Lloyds.

Barclays may be joined in the

average to lower end of the mortgage business by the Trustee Savings Banks, which are also considering plans for home loans. The banks are already operating a pilot home loans scheme for the Channel Islands.

Mr. Crawley says the Lloyds scheme will enable people to trade up more easily, leaving houses lower down the market free for people to move into. "Up to now the upper end of the market has been inadequately served for mortgage finance."

The reaction of the building societies is that Lloyds is not trying to compete directly with them. There is even some cautious welcome for the move. The average building society loan is about £11,000, and loans of more than £20,000 represent less than 1 per cent of total lending.

Helpful move. The Building Societies Association says the Lloyds move cannot be regarded as competition. The movement has a limited amount of money available and it has decided to concentrate on the lower end of the spectrum.

Disruption threat at BL Cars over parity pay

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS' hopes of averting industrial disruption by its 100,000 manual workers rest on a key meeting with union negotiators today.

Shop stewards forecast a walk-out last night in protest at the company's refusal to go ahead with parity payments, worth up to £10 a week to some employees.

It says that the low output levels because of the road haulage dispute and internal problems mean the cash has not been earned to continue the parity programme—the same pay for the same job.

Stewards point to the resentment among workers who voted by a 2-1 majority to accept last autumn's offer of the prospect of annual earnings of £15 a week in return for a 20 per cent improvement in output.

The unions, largely because of concern about the employment implications, have allowed the issue to remain dormant. Management may hope its tough line might make the incentive package appear more attractive.

Civil Servants plan one-day strike

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVANTS in the service's two largest trade unions will open their pay battle in earnest in three weeks' time with a one-day national strike and possible further selective action in support of their claims for rises of between 15 and 30 per cent.

All nine white-collar Civil Service unions yesterday instructed their 600,000 members not to handle work other than their own in support of their claims for increases of up to 53 per cent in London weighting allowances.

A total of 285,000 workers, members of the Civil and Public Services' Association and the Society of Civil and Public Servants, are being asked to hold a one-day national strike, probably on February 23, in support of the annual pay settlement, due on April 1.

The two unions, which have overwhelmingly supported industrial action, are likely then to consider further selective action. The society estimates its members are due 25-30 per cent from the results of the independent Pay Research Unit, and the CPSA between 15 and 20 per cent.

Action by society members could have serious effects in

VAT, customs and Ministry of Defence establishments, and action by association members could affect payment of social security and other benefits.

The staff side of the National Whitley Council, representing all nine unions, is to seek an urgent meeting, probably next week, with Lord Peart, the Lord Privy Seal, on the implementation of the rises indicated by the Pay Research Unit's reports, in the face of the Government's 5 per cent limit.

The third largest union, the Institution of Professional Civil Servants, will consider joining the other two unions in taking action if it is not satisfied with the outcome of the meeting with Lord Peart.

Central to the discussions with Lord Peart will be consideration of the public sector "going rate" in the light of progress on the local authority manual workers' claim for 40 per cent increases, and some sort of staging arrangements for the rises due, to avoid confrontation with the 5 per cent limit.

Civil service union leaders believe that the special case provisions in the Government's White Paper introducing the limit are specifically open for a

staged deal based on the Pay Research Unit's findings.

The TUC's new Public Services Committee this week considered staging proposals for public sector groups, including two instalments spread over 12 months, two over two years or four over two years.

The Civil Service Department has decided to impose its offer of 12.7 per cent rises in the London weighting allowance for both white-collar and non-industrial grades.

Instalments

Some union officials believe that the imposition of the award, which will begin to appear in pay packets at the end of the month, and the Department's refusal to allow the case to go to arbitration, has so inflamed industrial relations that a full meeting of the Whitley Council may have to be called for the first time in 23 years.

The award will raise the allowance for 110,000 inner London staff from £485 to £524. The 50,000 outer London staff, including 10,000 workers at Heathrow Airport, will receive no increase. The unions are regarding the award as merely an interim payment.

Unions face closed shop ultimatum

By Our Labour Staff

UNIONS REPRESENTING 16,000 Greater London Council manual workers are considering an ultimatum from the Conservative-controlled council to sign an agreement ending their closed shop within two weeks.

Mr. Horace Cutler, leader of the council, has given the 17 trade unions until February 16 to sign the already-negotiated agreement. If they do not sign, the council will give a year's notice cancelling a union membership agreement reached in October, 1976.

The Conservatives promised to end the agreement when they took control of the council in May, 1977. After 18 months of negotiation with the unions an agreement was reached that no manual worker should have to join a union and that any exemption should be accepted without question or inquiry.

Workers not in a union would make a comparable donation to charity in lieu of their union subscriptions.

Mr. Cutler said that "under pressure" the trade unions said they would not have to seek ratification of the agreement with their individual executives. There was only one interpretation of the negotiations and that was that the unions had given their agreement.

Emergency only at about 50% of hospitals—Ennals

BY OUR LABOUR STAFF

MR. DAVID ENNALS, Health Secretary, admitted yesterday that up to half the hospitals in England and Wales are now operating emergency only services and most of the country's ambulancemen are answering only emergency calls.

In some areas, the union's code of conduct did not appear to be working at local level with food and drugs still being turned away from some hospital gates. However, in Liverpool, striking grave-diggers agreed, under pressure, to allow cremations because of serious health risk.

Across the country about 1,100 hospitals were closed to all but emergency cases with the North, North-West, Merseyside, London and Trent regions worst hit.

Britain's biggest children's hospital, the Great Ormond Street Hospital for Sick Children in London was hit by a four-hour lightning strike by porters and kitchen staff during the day and faced a 24-hour strike, together with the Queen Elizabeth Hospital for Children, Hackney, from midnight last night.

A seven-day strike began at the 350-bed St. Andrews Hos-

pital in London this morning. Strike action by ancillary workers continued to disrupt other hospitals in London. At the Westminster Hospital, soldiers were called in to repair slashed ambulance tyres and at the Central Middlesex Hospital, administrators claimed food and drugs had been turned away by pickets.

The unions also appeared to be stepping up action in local authorities.

In London, Newham caretakers joined those in Barking and Haringey in closing all schools with those in Merton and Waltham Forest hit by rotating strikes. Merton council, in South West London is to call on volunteers to open and close schools hit by the caretakers' strike.

Schools in Nottinghamshire and South Wales were also affected and the National Union of Public Employees warned yesterday that it will mount a series of strikes in the Inner London Education Authority from Monday.

In Leicestershire, local authority drivers continued to deliver meals-on-wheels but refused to collect money.

Journalists win right to Lords plea on 'blacking'

THE National Union of Journalists was yesterday granted leave to appeal to the House of Lords against a court ban on "secondary blacking" during the recent strike by provincial journalists.

The House of Lords Appeal Committee, headed by Lord Wilberforce, gave the go-ahead for an appeal despite the "academic" nature of the case—the strike having been called off two weeks ago.

In December the Court of Appeal upheld a High Court order granted to Express Newspapers forcing the union to lift its instruction to Daily Express journalists to "black" copy from the Press Association news agency.

Mr. Thomas Morrison, counsel for Express Newspapers, told the Law Lords yesterday: "The Press Association and the Daily Express employees are working normally. Now that the strike is over there is nothing in the case so far as Express Newspapers is concerned."

Express Newspapers had obtained its remedy in the form of an injunction and did not wish to pursue its claim for damages against the union.

In the circumstances, said Mr. Morrison, the company was considering the possibility of discontinuing its action. That might prevent the issue from being decided by the Lords.

Mr. John Melville Williams, QC, for the union, said that many cases dealing with interim injunctions were bound to be academic by the time they reached the House of Lords.

But the issue in the present case was of "substantial public importance" for trade unions and should be ruled on by the Lords.

"It raises a question as to the extent to which secondary actions are covered by the test laid down by law," he said.

Mr. Williams said he knew of no other case where a trade union official who genuinely intended to try to further a trade dispute, had been held to have acted outside the ambit of the law permitting such action.

Chief Constable calls for picketing law changes

A CALL for a change in the law on picketing, which "left too much to chance and deliberate misinterpretation," came yesterday from Mr. James Anderson, chief constable of Greater Manchester, in a speech to the Manchester Medical-Bioethical Association.

He said only people directly involved in a dispute should be allowed to picket, and all pickets should be officially authorised and clearly identified.

A maximum limit should be set on the number of pickets at any one place, with the police able to advise smaller numbers if necessary and use a special law of obstruction if the numbers were not reduced.

"Let no one assume that the failure of people to cross the picket lines in situations where no obvious violence or obstruction occurred was the result of any failure or unwillingness on the part of the police to enforce the law," said Mr. Anderson.

"There is something sadly wrong with picketing law if the efficiency of it can only be sustained by the permanent presence of uniformed police officers."

"If the police, by their constant presence, virtually controlled the behaviour and work of pickets they would become such an indispensable and integral part of the machinery of industrial disputes that their absence or non-involvement would render the whole system inoperable."

'Dictatorship' warning

A RAILWAY union leader yesterday labelled as "folly" free collective bargaining, and warned that without restraint Britain could finish up with a right-wing military dictatorship.

Mr. Walter Johnson, president of the Transport Salaried Staffs Association, the railway's white collar union, with 72,000 members, said: "The country must be prepared to stand up to those who are showing no interest in the national problem and whose actions could well wreck our society."

Mr. Johnson, Labour MP for Derby South, writes in his union journal: "As every day passes we see the folly of so-called free collective bargaining where those with the most muscle are holding the country to ransom and doing their utmost to break the Government's pay policy."

He warned that if this happened inflation would soar into double figures, unemployment would rise and a situation could develop where one worker was set against another, resulting in anarchy.

"I am aware there are those who want this situation to develop in the hope that the country will lurch to the extreme left."

"Where their thinking is completely wrong is that if we do not show moderation and manage our affairs with restraint in a democratic fashion we may well finish up with a right-wing military dictatorship."

More drivers settle

BY LYNTON MCLAIN

THERE WERE further local pay settlements for lorry drivers yesterday on minimum top rates of £64 and £65. Some regions of the Road Haulage Association have still to settle with their drivers including the southern area which is likely to hold a negotiating meeting next week.

Some areas which have settled on basic rates are still in negotiations with drivers on fringe benefits. Improvements here may add a few per cent to deals which involve increases of more than 20 per cent on pay rates.

Lorry traffic in and out of Britain's ports was returning to normal yesterday as the remaining drivers' pickets dispersed.

There was a continuous stream of lorries into docks along the Tyne, and bacon and

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Ennals faces Tory wrath over hospitals

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. DAVID ENNALS, the Social Services Secretary, yesterday received a savage mauling in the Commons, with the Tories demanding that he should resign because of his complacent and incompetent handling of the hospital and ancillary workers strikes.

Mr. Patrick Jenkin, the Conservative health spokesman, condemned the "unbelievable flabbiness" of Mr. Ennals' latest statement to the House at a time when everyone was aware of the "horrifying picture" of mounting chaos in the health service.

Clearly shaken by the anger of the Conservatives, the Liberals and the Scottish Nationalists, Mr. Ennals insisted that the best course was to rely on the voluntary code agreed with the four health service unions for dealing with urgent medical cases.

The Opposition was particularly annoyed by his refusal to make a clear statement of support for the recruitment of volunteers to keep the hospitals running during the present crisis.

A few minutes earlier, the Prime Minister had been involved in heated exchanges when he sidestepped a similar demand from Mrs. Margaret Thatcher, the Conservative leader.

Both Mr. Callaghan and Mr. Ennals maintained that the decision on volunteers was primarily a matter for local hospital management committees. They emphasised, however, that the Government would have no objection to such a move.

The inept tactics of the

Government inflamed the row even further. At first, Mr. Callaghan argued that the question of volunteers was not a matter for him but would be dealt with by Mr. Ennals.

The Social Services Secretary then tried to brush it aside by claiming that the questions had already been answered by the Prime Minister.

Mr. Callaghan attempted to hit back by dismissing the shouting members on the Opposition benches as "a rabble."

Nevertheless, he conceded that what was now witnessing in the country was no longer free collective bargaining but "free collective vandalism."

In his statement Mr. Ennals said the position in the health service was still serious. Most of the country had only emergency ambulance services and between a third and a half of hospitals were dealing only with emergency cases.

He had met the general secretaries of the four health service unions and had asked for clarification on a number of points, including the effects of industrial action on long stay patients.

There were snorts of derision from MPs when he said that the unions had agreed to consider the points being put to them.

Mr. Ennals added that anyone ignoring the voluntary code was acting in a "reckless and irresponsible manner."

From the Opposition front bench, Mr. Jenkin called on him to give the full and unqualified support of the Government for the use of volunteers.

He complained that no-one

had seen the code of practice drawn up by the unions nor did they know what was in it.

The unions in central London had now announced that they would not recognise the code.

He also called on Mr. Ennals to ask Mr. Alan Fisher, general secretary of NUPE, to withdraw his call for the maximum possible disruption of the health service.

Mr. Jenkin told Mr. Ennals that the time had come to stop dithering and to abandon his "vain posturing" on television.

In reply, Mr. Ennals said that although some action had been taken by irresponsible minorities, the vast majority of health workers were trying to maintain the service in the interests of patients.

The union leaders were co-operating in trying to keep the action within tolerable limits.

The House erupted in anger when Mr. Ennals agreed with Mr. William Molloy (Lab. Ealing N) that many of the hospital workers were Tories and that the Conservative Party leadership should appeal to them to behave in a civilised manner.

There were chants of "resign, resign" and Mr. John Pardoe (Lib. N. Cornwall) bobbed up and down shouting "Out, out."

Mr. William Clark (C. Croydon S), said that union cards should be taken away from local "commissars" who disobeyed their union leadership.

He told Mr. Ennals: "Your complacency and sheer incompetence in running the health service calls for only one thing—and that is your resignation."

There was a complaint from Mr. Timothy Raison (C. Aylesbury) of a "complete vacuum" of leadership in the health service.

Earlier, the Prime Minister told Mrs. Thatcher that the question of hospital volunteers had not been discussed in Cabinet that morning.

But he wanted to make it clear that it was not acceptable that sick children and adults should have their food denied them or that proper attention should be forbidden them by industrial action.

"Therefore, I trust very much that all those concerned in this dispute will return to work and allow negotiations to continue on a proper basis."

Mrs. Thatcher reminded him that "the buck" stopped at the Prime Minister's desk. His duty lay with the nurses and those who helped them. Therefore, he should make it clear whether he was prepared to encourage volunteers.

Heathrow virginity tests deplored

MR MERLYN REES, Home Secretary, is inquiring into reports that immigrant women arriving at Heathrow are undergoing virginity tests.

The Prime Minister was questioned in the Commons yesterday about newspaper reports that an Indian woman underwent an intimate medical examination.

Mr. Louis Carter-Jones (Lab. Eecles), asked the Prime Minister to look into "the quite dreadful story" about the examination of Indian girls coming to this country and being tested for whether or not they are virgins.

"What moral justification is there for this? Will you firmly rule out such a monstrosity?"

Mr. Callaghan said: "I think all MPs will have been disturbed by what they have read. I understand the Home Secretary is inquiring into this, and I am sure he will want to inform MPs in due course."

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Tories fear immigration problems

BY ELINOR GOODMAN, LOBBY STAFF

THE Conservatives are worried that their immigration policies may be severely tested soon after an election by the events in Rhodesia.

They are concerned that an increased bloodshed in Rhodesia could lead to more Rhodesians wanting to come to Britain—and that it could be difficult to reconcile the inevitable demands of backbenchers to allow in whites with the need to convince the international community that a Conservative Government was not discriminating against black Rhodesians.

The party, which last year went through a period of public angling over the future direction of its immigration policies, has already said that it will set a quota on the number of immigrants allowed in from every major country.

These quotas would start being drawn up fairly soon after a Tory Government came to power.

It is also committed to honouring existing commitments and continuing to allow patrials into the country. To the possible disappointment of some right wingers the quotas would be adjusted upwards to take account of existing commitments.

This might mean that there was no noticeable reduction in the number of people coming in from India and Pakistan, as they are already subject to considerable administrative delays.

Many white Rhodesians would be allowed into the country as patrials because they had a grandparent born here, while others might be able to emigrate to South Africa.

Nevertheless, senior Conservatives are concerned that any new quota arrangements might be badly strained if there

was a sudden increase in the number of Rhodesians wanting to come to Britain.

Backbenchers would almost certainly demand an automatic right of entry for whites if they were seen to be in danger but they might well be opposed to black Rhodesians coming in over the quota.

Yet it would hardly help the Government's relations with America or black Africa if it was seen to discriminate against blacks.

Since last spring, when Conservative plans for tightening up on immigration were leaked in the Press, immigration has not been much of an issue.

Those dealing with the immigrant community hope that this situation will continue during an election campaign but they are aware that it may inevitably come up and they are concerned that some Right wingers may

come out with extravagant claims in the heat of the moment.

They are anxious to tread the delicate tightrope between satisfying the demands of white voters in areas like the West Midlands, where there are large immigrant communities, and not putting off Asian voters.

The party is committed to establishing a register of dependants who have a right to come into the country. While it is very unlikely that the party will not carry out this commitment, some frontbench spokesmen believe it may involve considerable practical problems.

If large numbers of Indians come forward for registration, it could alarm those MPs in favour of a major clampdown on immigration and increase the political pressures for even tighter curbs.

THE SPEAKER of the Commons may allow an emergency debate on the present industrial unrest on Monday night.

After renewed pressure from several backbenchers, Mr. George Thomas said he would permit a debate on the crisis, in particular its effect on hospital patients, at 7 pm on Monday if the situation got worse over the weekend.

Mr. Patrick Corrack (C. Staffordshire SW) echoed the concern of many MPs as he called for an emergency debate, for the second time in two days, on the problems of the health service.

Terms of oil sanctions inquiry anger Commons

BY IVOR OWEN

CONDITIONS imposed by the Prime Minister governing the release of Cabinet papers and other Government documents to the Special Commission which is to examine the political responsibility attaching to the breach of oil sanctions against Rhodesia were attacked from both sides of the Commons last night.

Sir Harold Wilson, the former Prime Minister, led the protests from the Labour benches against the Government's proposals that the Special Commission should "sift" the documents concerned and decide which required to be seen by the other seven members or any of the witnesses appearing before them.

His complaint that this must have the effect of creating "two classes" of member of the special commission—which will consist of MPs and Peers—was rejected by Mr. Sam Silkin, the Attorney-General.

Mr. Silkin came under fire from both sides of the House when he went on to explain that in the event of this procedure being overturned by an adverse vote, the Prime Minister would prevent the release of the documents—normally kept secret for a minimum of 30 years—by not making the necessary recommendation to the Queen.

Mr. Alex Lyon (Lab., York) maintained that, in effect, the Prime Minister was giving notice that he would reject a decision of the House if it were contrary to what the Government had proposed.

"I have never heard such a doctrine since Cromwell came into this House," he declared.

Mr. Silkin insisted that it was not a question of the Prime Minister refusing to accept a decision of the House.

A recommendation by the Prime Minister to the Queen was an executive act and had nothing whatever to do with any motion passed by the House of Commons.

That particular function is a function of the Prime Minister, which he can exercise whether there is a motion or whether there is no motion.

The Attorney-General disclosed that Mr. Edward Heath—the former Conservative PM, who in an earlier debate on the Bingham Report which established that sanctions busting had taken place opposed any further inquiry—had nevertheless agreed that the relevant documents from the period of his administration should be made available to the Special Commission.

Sir Harold Wilson, one of the original advocates of a Parli-

mentary inquiry into the political aspects of sanctions busting, had similarly authorised the release of papers for the period when he was Prime Minister.

But the Attorney-General stressed that in the event of a decision by the House to change the "sifting" procedure by the chairman of the Special Commission, Mr. Callaghan would prevent the release of all the Government documents since the imposition of sanctions in 1965.

He emphasised the importance of ensuring the confidentiality of cabinet papers and claimed that the arrangements devised by the Government for the conduct of the inquiry by the Special Commission constituted a sensible and viable compromise.

The Attorney-General made it clear that one of his duties in assisting the Special Commission would be to ensure that its inquiries did not extend into the same area as the investigations now being made by the police, on the instructions of the Director of Public Prosecutions, into the possible commissioning of criminal offences.

The Special Commission's task would be to investigate the way in which successive Governments had pursued the oil

sanctions policy, to ascertain and report whether Parliament and Ministers had been misled.

If the Special Commission concluded that Parliament or Ministers had been misled, intentionally or not, it would have the further task of determining responsibility for this having occurred, whether this concerned ministers, officials or persons outside the Government.

Sir Harold, who referred to an admission of sanctions breaking by BP, urged that Cabinet papers and department minutes should be made available to the Special Commission, as well as material—even including papers from Government departments—which did not refer to breaches of sanctions.

Mr. Silkin assured him that it was not the Government's intention that any material documents should be held back, but he conceded that a great problem was likely to arise over the "vast quantity" of documents which might be marginally or less marginally material.

He confirmed that the chairman of the Special Commission would decide which documents needed to be examined by other members and which payments it would be essential to publish or refer to in the report of the inquiry.

Special debate on Monday

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Scottish price check

By Elinor Goodman

A PRICE Commission investigation into why prices of certain basic goods are higher in Scotland than in other parts of Britain is expected to be announced shortly.

This is believed to be the price which Mr. Roy Hattersley, Price Secretary, agreed to pay for the support of the Scottish Nationalists on the third reading of the Bill which will remove the present profit safeguards in the price controls.

The SNP which at the last moment failed to support some of the Tory and Liberal amendments which Ministers claimed would wreck the Bill, has long argued that Scots have to pay above the odds for essentials like food and petrol.

While the party did not want to be seen to oppose any measure which would tighten price controls, it wanted to obtain the maximum political advantage from holding the balance of power in the vote on the Bill.

Right up to the first votes on Wednesday night, negotiations were going on between the SNP and Ministers.

Right-wing praise for white voters

TORY rightwingers were last night collecting signatures for a motion congratulating the white community in Rhodesia on its "massive endorsement of the constitution prepared by the transitional Government."

The motion called on the British Government to acknowledge the transitional Government as seen as the constitution has been enacted.

Emergency

The situation had worsened since Tuesday. There were now more cases of genuine distress being caused by health service employees, gravediggers and school caretakers.

A prime example was a new move he had just heard about. The National Union of Public Employees had just called a 24-hour all-out strike at Great Ormond Street Children's Hospital.



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Balance Sheet Total	108,441
Amounts due from banks	32,801
Loans and advances to customers	54,185
Advances to non-banking finance establishments	10,159
Securities	8,908
Amounts due to banks	97,458
Current deposits and other accounts	3,255
Share capital fully paid	1,500
Reserves after allocation of profit	1,875
Profit	673

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The unabridged annual statement as well as the profit and loss accounts will be published in the "MEMORIAL Amsblatt des Großherzogtums Luxemburg, Ausgabe C" (Official Gazette of the Grand Duchy of Luxembourg, edition C).

Peachey demand

LEFT-WING MPs, outraged by the Government report on the affairs of property tycoon Sir Eric Miller, yesterday demanded an early Commons debate.

Sir Eric, who was knighted in Sir Harold Wilson's resignation Honours List, shot himself in September, 1977.

Department of Trade inspectors concluded that he was guilty of numerous misappropriations of funds from the Peachey Property Corporation.

As Mr. Dennis Skinner (Lab., Bolsover) made the comment: "Many of us would like to know who organised the parties at No. 10, Sir Harold Wilson walked into the Chamber."

Sir Harold could not help smile when Mr. Skinner added: "We all understand there are such things as bottle parties, but to drag in cases of champagne when they go to these functions is another thing."

Mr. Skinner then brought the Speaker, Mr. George Thomas, to his feet when he said that if there was a debate Mr. Reginald Saudling, the former Tory Cabinet Minister, could come to the House and explain his role in Peachey affairs.

The Speaker said he would not allow criticisms of any MP, and Mr. Skinner's remarks had not sounded like a compliment.

A FINANCIAL TIMES SURVEY
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21 February 1979

The Financial Times proposes to publish a Survey on Factory and Industrial Equipment. The provisional editorial synopsis is set out below.

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FLOORING AND PARTITION EQUIPMENT Ease of maintenance and the choice of appropriate surfaces for machinery and people dictates floor coverings.

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هنا من الرصيد

Carter in pursuit of an oil policy

EVENTS in the Middle East have brought a sharp but perhaps timely reminder both of the delicate balance which now persists between the worldwide supply and demand of crude oil and also of the grip which the Organisation of Petroleum Exporting Countries maintains on the pricing of oil.

The civil unrest in Iran, the world's second largest oil exporter, has prevented some 5.5m barrels a day reaching the crude oil market. That shortfall, amounting to over 10 per cent of non-communist world oil consumption, is greater than the combined production of the North Sea, Mexico, and Alaska—non-OPEC producing areas which have helped to provide a supply cushion in recent years. Indeed, only high stock levels, seasonal demand fluctuations and energy consumption still depressed by the 1973-74 crisis have saved consumers from serious shortages. But there is a price to pay for these maintained supplies.

By taking an advantage of the tighter supply position OPEC can sustain its proposed series of crude oil price rises. The price of the so-called marker crude by the end of this year will have risen from the 1978 level of \$12.70 a barrel to \$14.54. This works out at a 14.5 per cent increase although the phasing process does bring the average for the year down to 10 per cent.

The increase is likely to add some \$18bn to the cost of imports into the 24 OECD countries, most of which are still struggling to extricate themselves from the recession brought about by the five-fold price rise in 1973 and 1974. (OECD economist, estimate, however, that almost half of this increase will be offset by higher exports to OPEC nations.)

OPEC's pricing move was hardly surprising. The crude exporters have seen world inflation eroding the real worth of their oil reserves; the falling value of the dollar has made matters much worse. In a world which still relies on crude oil for nearly 55 per cent of its total energy requirements OPEC saw 1979 as an opportunity for making up some of its lost ground. With Iranian supplies seriously disrupted the pricing initiative had returned to OPEC. Indeed by the end of

last year the spot market had already reacted, pushing prices well beyond the official or posted limit.

It is an uncomfortable fact that such tight supplies and the consequent pressures on prices will return again, next time perhaps with a vengeance. For unless steps are taken immediately to develop non-OPEC sources of energy—whatever they may be—and to encourage even greater conservation, consumers will be forced to rely on producers within OPEC for considerably increased oil supplies.

When this will be is still unclear. Several reports, including a major study by the Workshop on Alternative Energy Strategies at the Massachusetts Institute of Technology, have suggested that possible energy shortages might arise as soon as the late 1980s. Low economic growth combined with greater energy conservation effort could push this back to the early 1990s or conceivably the turn of the century in which case major energy importing countries still have time to take action to avoid harmful shortages.

What is important is that such a "day of reckoning" is recognised. It will be a day when OPEC countries might withhold some needed additional supplies for political, diplomatic or economic reasons; it will be a day when the energy follies of the major consuming countries will be counted. The way events are taking shape, the U.S.—the world's biggest energy consumer—could well find itself in the most vulnerable position.

Psychological

Despite volumes of analyses and warnings, frenzied political activity and desperate presidential pressure, the U.S. seems almost as far away from a meaningful energy policy as ever. Mr. Ali Mohammed Jaldah, the former secretary general of OPEC, lamented in August last year that the U.S. had proved a "psychological inability" to confront its energy problems. It is too early to say whether the new Congress will radically alter that position.

In 1973, when Arab oil producers boycotted supplies to the U.S. and Holland imports accounted for about one-third of U.S. oil consumption. Since then imports have grown to

about 45 per cent of U.S. demand. In 1978 these imports were running at a rate of over 8m barrels a day. The Energy Secretary, Mr. James Schlesinger, said in an interview last November that by 1986 imports could be 9m or 10m barrels a day—an optimistic estimate in the eyes of some in the energy industry, but still a far cry from the Federal Energy Administration's ambitious Project Independence attempt in 1974.

Domestic energy demand will continue to depend on oil supplies for a far longer period and to a far greater extent than the administration might have wished. The development of alternative energy sources—be they nuclear, coal, solar or some of the more exotic fuels—is taking much longer than once thought. Environmental constraints and the huge costs involved are two of the prime factors. And there is a natural reluctance of consumers to move away from the convenience of natural gas and oil.

In line with the worldwide trend Americans are producing—and consuming—petroleum at a faster rate than they are discovering new supplies. For example, preliminary figures, produced by the Oil and Gas Journal, show that the U.S. produced an average 8.6m barrels a day in 1978, 5.9 per cent more than in 1977. Crude oil reserves in the U.S. fell by about 1m barrels to 28.5bn barrels last year. In 1970 the reserves were nearer 30bn barrels.

That means that if no more oil is found in the U.S.—admittedly an extreme assumption—existing reserves could be exhausted in little more than nine years. What is clear is that the production to reserve ratio has now fallen below the 1:10 level generally accepted as the minimum desirable for a healthy oil regime.

It would seem then, in this transitional period before conservation measures and alternative energy sources have a major impact on consumption patterns, that the U.S. oil industry needs every encouragement to find and produce more domestic crude. Companies involved in exploration and production argue, with some justification, that the very opposite is happening. They complain that they are hamstrung by a plethora of regulations, restrictions and price

OIL DELIVERED TO U.S. REFINERS (March 1978)			
	Average cost (\$/barrel)	Volume (barrels m/day)	Percent of Volume
CONTROLLED OIL			
Old oil	5.79	3.2	22
New oil	12.36	2.9	20
UNCONTROLLED OIL			
Imported	14.66	6.3	43.5
Stripper	14.45	1.2	8.3
Alaskan North Slope	13.22	0.8	5.5
Naval Reserve	12.89	0.1	0.7
(Total uncontrolled)	(14.47)	(8.4)	(58.0)
TOTAL	12.57	14.5	100.0

Sources: David J. Bardin, Administrator, Economic Regulatory Administration, in statement before the House of Representatives' sub-committee on energy and power of the Committee on Interstate and Foreign Commerce, June 12, 1978.

controls. Not only do they weaken the economic incentives to investment in what will always be a risk business, but the rigmarole of regulation also dampens the enthusiasm of oil men wanting to try something new in exploration or development. In short, the companies argue that red tape and price controls are restricting a potential increase of domestic oil production.

It is easy to dismiss this as a prosperous industry pleading its own case, particularly in the U.S. Where the public view of the oil majors appears to be particularly jaundiced. But there is no other institution capable of producing the badly needed oil, in spite of the apparent public opposition to big private companies there is no widespread desire to create a state-controlled oil enterprise. So the companies' warnings ought to be heeded, particularly when the evidence of the reserves to production ratio is on their side.

President Carter will have a golden opportunity to relieve some of the tension and investment inhibitions at the end of May when he will have the option, under the Energy Policy and Conservation Act (EPCA) of 1975, of relaxing the controls that have kept U.S. crude oil prices below world price levels. If he fails to act—either by modifying or abolishing the controls—then prices will continue to be regulated until the statutory expiration of the legislation in September 1981.

At present U.S. refiners are buying crude oil at around \$12.90 a barrel on average (estimated costs for the first quarter of 1978). Assuming no changes in the domestic pricing structure this average could rise to \$13.96 a barrel by the end of this year, reflecting in part the OPEC increases. However, if domestic price controls were lifted overnight and refiners were forced to pay the world market price for their various grades of crude, that year-end cost would be nearer \$16.57 a barrel. (These estimates, provided by Standard Oil of California, include the cost of oil, taxation, royalties and transportation.) In other words, U.S. refiners would be buying crude on average \$2.41 a barrel more cheaply than their competitors in other parts of the free world.

Hence the ultimate consumer—the motorist or the purchaser of home heating oil—is being shielded to some extent from the full impact of increasing world oil prices. Indeed, this was one of the prime reasons behind EPCA. However, in order to sustain this simple concept, a complex arrangement of checks and balances has had to be arranged by the Federal Administration.

Under current rules, domestic crude oil is divided into three categories:

- Old oil, defined as that produced from wells drilled before 1972. It is subjected to the tightest price control on the basis that the development costs were incurred before OPEC transformed the world oil pricing structure in 1973 and 1974. In December this oil, which accounts for some 35 to 40 per cent of U.S. production, was sold for an average of \$5.68 a barrel.

- New oil, from more recently drilled wells, commanded an average price of \$12.68 a barrel in December.

- Uncontrolled oil comprises the crude that is produced from the Alaskan North Slope (regarded as a special case in view of the high development and transportation costs), oil from small "stripper" wells producing 10 barrels a day or less, the production from the Naval Petroleum Reserve together with crude oil that is imported. This category of oil has been selling for \$14 to \$15 a barrel in recent months.

These controls are at the centre of an entitlements programme designed, in a variety of ways, to distribute equitably the benefits among all sectors of the oil industry. The object here is to ensure that refiners dependent on imported or "new oil"—generally those operating newer plants including most of the independent groups—are not penalised com-

pared with refiners having established sources of domestic oil. Consequently refiners buy and sell so-called entitlements in order to equalise crude oil costs.

Various estimates have shown that if the controls were completely abolished the cost of petrol at the pump might rise by 5 to 10 cents a gallon, depending on local taxes. This would be in addition to rises that will occur as a result of OPEC's pricing move. The day of \$1-a-gallon petrol in America would thus become much closer.

Standard Oil of California has calculated that the abolition of price controls, together with an end to the entitlements programme, would add 3.7 cents per gallon to refiners' costs and bring oil producers an additional \$12.7bn a year in additional gross revenue. The American Petroleum Institute is quick to point out that not all of this would be transformed into profits: for a start the Government would set approximately 58 cents from each incremental dollar of revenue (including 3 cents in direct royalty payments). Private royalty holders would get a further 6 cents net of each dollar. The API adds that of the 36 cents retained by the producers, about 8 cents would be paid as dividends to stockholders.

However, even this calculation shows that companies will retain at least 28 per cent of the \$12.7bn, certainly enough to arouse criticism of "windfall profits." This is part of President Carter's dilemma. He will find it hard enough to gain acceptance for a policy that results in further increased petroleum product prices, particularly in a year of high inflation. He would find it even tougher to take action that puts more money into the pockets of big oil companies.

So a formula has to be found that will at least start the process of decontrol without antagonising Congress to the extent that it feels compelled to pass new legislation to override the President. It has not gone unnoticed by presidential aides that Senator Edward Kennedy of Massachusetts has already indicated his opposition to any decontrol of U.S. oil prices. Indeed, he has gone further, saying that the U.S. should attempt to break away from the influence of OPEC-led price rises, perhaps by forming a separate alliance with Canada and Mexico.

The President's answer could lie in a phased programme of deregulation, one which at least begins to bring old oil prices more into line with world prices. For there are a number of known cases where producers are reluctant to spend money on old reservoirs because of insufficient returns. The oil is known to exist; its recovery might be important in the national interest. At the same time there is surely no reason why some phased, workable excess profits tax cannot be devised to deal with "windfall profits," preferably a tax that includes some concession for investment in oil and other energy sectors.

The relaxation of price controls can be justified if they are shown to encourage conservation among consumers and spur greater effort towards energy self-sufficiency among U.S. producers. However, timing, delay, action cannot be postponed; there is unlikely to be a time when deregulation will become easier. The cold fact remains that worldwide energy supplies are likely to become tighter and ever more costly. To shield U.S. consumers from even the partial effects of this trend will become increasingly difficult as the country relies more and more upon imports.



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LONDON MARKETING MANAGER The applicant male/female should be aged about 35, with a background in international banking. He should be aware of the latest developments in international finance and familiar with U.S., British and Continental procedures—preferably from the inside.

FUND MANAGEMENT ANALYST c. £10,000 (North American Desk) Our Client, one of the largest and most highly respected of the City financial institutions, wishes to recruit an analyst to join a small team in the Investment Department.

APPOINTMENTS

Divisional Board posts at Fisons

Mr. D. Stephen has been appointed divisional production director of Fisons. Mr. Richard A. Chapman has been appointed managing director of BANK JULIUS BAER INTERNATIONAL. Mr. Ian P. McEwan, group financial director of FITCH LOVELL, is to retire early.

Chief Accountant We are a well established Company and due to expansion are now seeking a qualified and experienced Accountant with management accounting experience in distribution or manufacturing, and in-house computer experience.

HEAD OF PRIVATE CLIENT DEPARTMENT A leading merchant bank requires to appoint a Director within its Investment Management Division to head the substantial Private Client Department.

MANAGER U.K. LEASING United States Leasing International Inc. the oldest and largest independent leasing company in the United States, seeks well-educated and highly-motivated candidate for post of Manager U.K. Leasing based in London.

UNIVERSITY OF MALAWI THE POLYTECHNIC Applications are invited for the following positions in the DEPARTMENT OF BUSINESS STUDIES.

SECRETARIAL APPOINTMENT YOUNG SECRETARY wanted for transition company at Oxford Circus, £3,000 p.a. 01-580 3206-7.

COMPANY NOTICES GREATERTHANS NATAL AND FINE STATE HOLDINGS LIMITED NOTICE IS HEREBY GIVEN that the following dividends are payable on the 31st March 1979 to 6% Second and Third 5% Preference Shares.

BRASCAN LIMITED (Incorporated under the laws of Canada) The Board of Directors of this Company has declared a dividend of 10% on the ordinary shares.

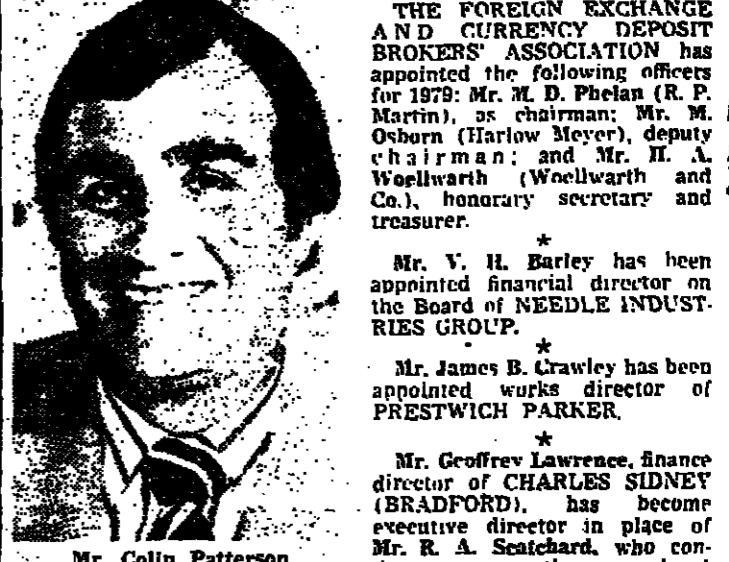
ART GALLERIES AGNEW GALLERY, 43 Old Bond St., W.1. 01-629 6176. 100th ANNUAL WATER-COLOUR EXHIBITION, until 23 February.

REGIE NATIONALE DES USINES REMAULT 7.25% 1977/1987 LOAN OF £100,000,000. We inform you that the March 1979 repayment instalment of £10,000,000 has been made by purchase on the market.

David Clark Associates 4 New Bridge Street, London E.C.4 01 353 1867

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of: CHARLIE CHESTER PRODUCTIONS LIMITED. NOTICE IS HEREBY GIVEN that the following dividends are payable on the 31st March 1979 to 6% Second and Third 5% Preference Shares.



Mr. Colin Patterson as personal director. He joins the company from Molins where he was group employee relations manager.

Mr. Geoffrey Lawrence, finance director of CHARLES SIDNEY (BRADFORD), has become executive director in place of Mr. R. A. Scatchard.

Mr. John Impey has been appointed a director and joint vice-chairman of CAPPER-NEILL. In addition to his main Board duties he becomes chairman of the subsidiary companies in the Industrial division.

Mr. James Gibson, chief executive of the FANTASTE FOUNDATION, has been appointed managing director of the Fokker Board.

Mr. William Owen, a director and general manager of Wilkins and Mitchell (Power Presses), has been appointed chairman of

CLUBS

IVE, 189, Regent Street, 754 0557. A la Carte or All-in Menu, Three Spectacular Floor Shows, 10.45, 12.15 and 1.45.

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Wooing investors in the U.S.

David Lascelles on why American companies can spend a fortune on the art of keeping shareholders happy and enticing new ones

AMERICAN companies have always been more outgoing than their European counterparts...

boosting and promoting the sale of stock is blurred, which is why they are cautious.

Until a few years ago, conveying the corporate message was easier than it is now.

But the big Wall Street shake-up caused by the abolition of fixed rate commissions three years ago changed all that.

So the balance changed. Instead of being pursued for information, companies had to fight for attention.

Obligation

IR is more than an information function, though. Mr. Williams explains: "Companies have both a moral and a legal obligation to speak with one voice."

U.S. securities laws against insider trading make it a serious offence for companies to divulge information to restricted groups of investors.

IR men have to be alert to the difference between boosting a company's image—which is considered OK—and offering its stock directly for sale, which is illegal.

Georgia Pacific, a \$4bn a year forestry and minerals company, regularly advertises its activities on TV even though the average viewer is unlikely to need bulk gypsum or wood pulp.

IR men admit that the dividing line between image-

criticised for trying to escape rather than confront its shareholders.

IR men develop special techniques for these events. Some are quite straightforward, like broadcasting or videotaping the proceedings for a wider audience.

Another claim is to get the company on banks' "approved lists" for their trust and investment funds.

So people like Mr. Turner began to develop other channels of communication, notably analysts' meetings.

Also important are annual meetings: more companies now hold these in different places around the country to stimulate shareholder interest.

ITT, for example, held its last four annual meetings in North Carolina, Arizona, Florida and Oklahoma, though it was also

Highman, of National Distillers and Chemicals (with 65,000 shareholders): "We believe that hyping stock is counterproductive."

But don't people in his position measure their success in terms of what happens to the share price?

Mr. Turner, at St. Regis believes this is important since the value of the stock determines not just the company's standing but its capital-raising potential too.

Mr. Turner explained that St. Regis has a policy on how strongly represented each investor category should be so that it knows where a greater or lesser IR effort is needed.

Individuals are still the largest single group of shareholders in the U.S., according to the New York Stock Exchange's last survey in 1975 which put their holdings at 53 per cent of the total.

IR departments also act as a source of information for shareholders. Staff are available to answer questions, which can range from a Mid-West farmer's inquiry about company policy on farm subsidies, to a grilling from a pension fund manager on the latest financial statement.

Mr. Turner estimates he gets over 1,000 inquiries a year, and that most of them are "tough and specific".

But though IR is aimed at the investment community in general, most IR departments try to concentrate on chosen sectors, either to build up the right balance of shareholders or ensure that a valued type of investor is getting the information he needs.

This means keeping a constant watch on data about shareholders and potential investors,

how and why they make investment decisions, and so on.

St. Regis divides investors into seven categories: (1) Large institutions (colleges, foundations, etc.), (2) Banks, (3) Investment advisers, insurance companies, (4) individuals and registered representatives (brokers, etc.), (5) its own employees and people with special connections with the company (that is, widows of former employees), (6) foreigners, and (7) current shareholders.

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This means keeping a constant watch on data about shareholders and potential investors,

A new driving force in the machine tools industry

BY HAZEL DUFFY



John Halbert—looking for product rationalisation.

THE MACHINE tools industry thinks that it has come in for more than its fair share of criticism from armchair commentators in the past, but in electing John Halbert as president of its trade association it can expect to hear a few home truths from within its own ranks over the next couple of years.

Past presidents of the Machine Tools Trade Association (MTTA) have sometimes had a go at the unions, government, and other outside bodies, but Mr. Halbert believes that the industry needs to take a look at certain aspects of its own performance.

Most important of these is marketing, and exporting in particular. "Some of our machine tool manufacturers are world leaders," says Mr. Halbert. "But as an industry we are so insular. We look at trade in terms of machine tools alone."

That might seem a strange criticism for an industry which must have the right products at the right price if it is going to sell them, and which therefore devotes more of its resources to manufacturing than marketing.

Mr. Halbert thinks the time has come when companies must look at the finer aspects of trading, while acknowledging that part of the reason that they have been neglected for so long is that the industry is represented by such a large number of small companies (membership of the MTTA in 1978 totalled 341 companies in what is a fairly small industry).

As chairman of a private company which acts as a consultancy for machine tools purchasers, Mr. Halbert is in a privileged position from which to judge the industry. In spite of its name, his company, Associated British Machine Tool Makers (ABMTM) owns only one manufacturer. Its main activity is advising on the right machine tool for the client, if necessary by designing the product.

ABMTM has been concerned with machine tools since it was set up in 1917, but recently Mr. Halbert has taken the group into new activities, including marine projects, where he has been particularly successful. Selling 21 patrol boats to the Mexican navy led to his appointment

of the MTTA — but does not believe this necessarily means small firms being swallowed up by large ones.

It is product rationalisation that he wants to see. "We obviously cannot be self-sufficient in machine tools, but at the moment there are too many companies competing on some products, while other products are just not made in this country at all."

His experience in putting together package deals, where ABMTM often arranges financing as well, has convinced him that it is a much more effective way of exporting than efforts by individual companies.

He believes there is a lot more potential for British machine tool manufacturers to get in on deals negotiated by other companies supplying equipment overseas.

Mr. Halbert thinks that a couple of firms in the industry must set up an electronics capability of their own if progress is to be made on the NC front.

In an industry which exports nearly 50 per cent of its output, marketing is a subject which is treated with due respect by the MTTA. But as president, Mr. Halbert, who has been a member of its export committee for 10 years has a platform where he can press for some of his ideas on exporting, as well as other aspects of the industry.

As a firm advocate of rationalisation in the industry—a view he will be canvassing during his two-year presidency

ment as an adviser to British Shipbuilders; he has subsequently clinched a \$14m deal with Libya, and is in the process of developing an "ambulance boat" at a cost of \$400,000 which he proposes to sell to the Third World.

Partly the problem is that the industry is not getting the co-operation from its electronics partners. But it is not any use blaming the slow take-up of these machine tools by British industry, as the machine tool industry often does. They should just look at their own slackness in investing in technologically-advanced products.

I should like to see a picture on every stand displaying such products at Mach 80 (the MTTA's exhibition next year) of the manufacturers' own works. That might bring home how old some of their machinery is."

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Ships and sulphur

His approach to the developing world, which is so often held back by financial constraints, is that industries should look at the goods that the customer country has to offer.

It is an approach that he thinks must be taken towards China. But he denies that it is bartering: "I like to see it as a moral link."

He is a firm advocate of rationalisation in the industry—a view he will be canvassing during his two-year presidency

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

COMMUNICATIONS

Paging in Moscow

MULTITONE yesterday consolidated its lead in the world personal paging system market with the announcement of a resounding win in the contest for the Moscow and Tallinn 1980 Olympics paging equipment contract.

The \$1.2m award covers the supply of over 3,000 beepers, but also of a full radio coverage of the city of Moscow, a problem comparable to that of the Post Office in its wide area paging services for London.

The area which has to be "saturated" is 400 square miles and four transmitters are being provided. In London, the area is 900 square miles and nine transmitters provide the service.

The receiver chosen is the recently developed RB151, an extremely compact unit that will nevertheless provide eight

distinctive tone call codes, together with a bright red numerical display. Four of these codes will be used at the Olympics plus a special group alert signal to call several people simultaneously in an emergency.

When an official is watching a contest where a sudden noise could hamper a competitor, he can switch the beeper to memory, silencing the audio side and allowing only the visual warning to proceed.

Both in Moscow and in Tallinn the company's access 1800 control system will be used. After the Games, the Moscow system will be taken over by the city's first-aid organisation.

It is understood that five other international companies were bidding for this plum contract.

Data from the ocean floor

ALL THE control signals to, and the deprived data from, Conus 2, the unmanned submarine developed as a private venture by British Aerospace, are dealt with by a pulse code modulation transmission system supplied by Base Ten Systems, of Lower Farnham Road, Aldershot (0252 312911).

The vehicle is designed to perform such tasks as undersea oil and gas pipeline surveying at depths to 2,000 ft and it uses digital techniques widely.

It is therefore a classic case for the application of PCM, since the need is for minimum cabling to the surface: data to

and from the craft travel on two simple cables.

In PCM, the instantaneous value of a signal is given a digital pulse code and the resultant data stream is time multiplexed with many other channels for transmission down the same cable. Analogue signals are reconstructed at the far end.

Thus a link is formed between surface operator and submersible, permitting control of the craft's colour and monochrome television cameras and manipulator arms, as well as the collection of data from the various underwater navigational aids and sensors.

Emergency men in touch

DESIGNED FOR use by fire fighting personnel, security officers and rescue teams, a personal public address system has been developed by Smiths (Electrical Engineers), of Baldwin Street, Bamber Bridge, Preston PR5 6SR (0773 35883).

Object is to get over the problem of making oneself heard when wearing breathing apparatus: each man has a throat microphone and a compact, waist mounted amplifier/speaker unit which in effect becomes the voice.

Called Sebtron, the equipment can be used with any type of respirator provided that normal hearing is not obstructed and so will enable the user to keep in speech contact with other personnel in the same area.

With batteries the weight of the unit is 0.67kg (1½ lb) and having no trailing wires it presents no safety hazard.

PROCESSING

Shreds to tinier pieces

GREAT space-saving benefits are derived from using a conveyor-fed shredder compared with conventional single cut shredders, says Eba System (Marketing), 20 Broadway, Thatcham, Berkshire RG13 4EX (0635-63208).

This crosscut shredding machine can reduce confidential documents down to tiny pieces measuring only 2mm x 18mm, promising as much as five to one volume reduction against usual

Burnt smell removed

CAPABLE of saving millions for insurers and victims of fire damage, a service just launched in the UK claims to be able to remove smoke odour from premises and from goods completely and definitively.

It is offered on 24-hour emergency terms and is so effective that it will eliminate any need to write off or write down merchandise or remove furnishings because of the objectionable smell left by a fire, the de-

Strips rust and scale

ABLE TO strip oxide, scale and rust from metal faster than power wire brushes, a new abrasive medium has been introduced by the industrial trades group of 3M United Kingdom.

Scotchbrite, "Clean 'n Strip" discs and wheels are non-metallic, flexible webs for heavy duty uses, such as cleaning metal surfaces, conditioning welds, cleaning extruder screws and injection moulders for plastics, removing coatings on electric motors, cleaning concrete moulds and forms, and for general plant maintenance jobs.

TEXTILES

Controlled drying of big hanks

IN DRYING textiles the losses of heat-energy are probably higher than anywhere else in the industry and it is in this area that machine builders are seeking ways and means of making economies.

For a number of years, a system of drying dense packages of yarn has been under investigation. It has been argued that the use of radio frequency heating will evaporate water to give a dry package of yarn with a minimal consumption of energy.

Until now this system has not generally had much apparent success, but now a completely new machine has been introduced which, it is claimed, overcomes the inherent problems associated with certain existing machines, for the yarn to be over-dried in part.

SAFETY

Watch over hazards from gas

RAPID PROGRESS of technology in industry has created more hazardous job situations which in turn has emphasised the interest in improved safety considerations.

A company which was established 20 years ago and originally developed and manufactured gas monitoring systems for the American space programme is particularly concentrating now on obliterating problems of injury or death to people exposed to gas leakages in offshore and on-shore situations.

A multi-channel combustible gas monitoring system, designed to European standards, is offered by General Monitors UK, Peter House, Oxford Street, Manchester M1 5AU (061-228 3182).

Its catalytic sensor is used, in conjunction with the system which can contain up to 16 completely independent channels of 19 inch rack system. Each channel provides analogue display of gas concentrations, with indicators for malfunction, low alarm, high alarm and power on.

Each channel control card is easily calibrated from the front panel and incorporates an automatic alarm inhibit function when in the calibration mode.

Installation costs are said to be considerably reduced as improved fail-safe sensor drive circuits use small cross sectional area multi-core cables over distances in excess of 5,000 metres between sensors and control units.

Noise levels are said to be well within legal limits now being imposed by certain international authorities.

The Electrodry is being constructed in no less than 24 different models which are rated from only 15 kW up to 135 kW generator output and with an evaporative capacity of 20 up to 180 kg/hour.

The machine is compact, but is built in modular form so that if it is required to increase the danger, as with certain existing machines, for the yarn to be over-dried in part.

Moisture regain values in the

COMPONENTS

Motor has printed stator

IN A design of dc permanent magnet motor developed by Printed Motors of Oakhanger Road, Bordon, Hants., GU35 9EY (04203 3033) the normal role of stator and armature are reversed.

able to develop ½ hp, the magnets on the rotor while the stator ironless stator is of the printed circuit type. Commutation between the stator coils is carried out electronically using optical sensors or Hall effect devices, depending on the application.

The design eradicates brushes, reducing maintenance and eliminating commutator sparking so that the motor can be used in a hazardous environment.

Furthermore, since the speed of the rotating field produced by the electronic commutation can be controlled independently the motor can be run in synchronism with an external signal and with other motors of the same type.

Starting torque and power to weight ratio are claimed to be high, mechanical and electrical time constants are very low and the power output is "extremely smooth" due to the large number of field switchings per revolution.

Writing a big trace

USEFUL IN technical demonstration, teaching and other areas where waveforms need to be seen by more than one person, a relatively low cost large screen oscilloscope, the BWD 1722, with a 17 inch screen, has been introduced by Gilmair of Apsley Road, New Malden, Surrey (01-949 3581).

Comparison of waveforms on a time basis becomes particularly convenient in this instrument because four channels can

HANDLING

Multi-role trencher

ATTACHMENTS SUCH as trencher, vibratory plough, blade-backhoe, roller carrier, rotary boom, dozer blade and rock cutter all enhance the versatility of a trenching machine which is also designed to cope with a variety of earth moving functions.

The unit may be used for five earth moving functions without changing attachments, claims Metagrip, Blandford Heights, Blandford Forum, Dorset DT11 7TE (0258 54226).

INSTRUMENTS

Approval obtained

DANFOSS, of Horsenden Lane South, Greenford UB6 7QE (01-988 5040) reports that its ranges of electronic pressure and temperature transmitters EMP2 and EMP2T have received approval by BASEEFA (British Approvals Service for Electrical Equipment in Flammable Atmospheres) to standard SFA 3012:1972.

The units can be used with a wide range of gases and liquids with one per cent accuracy, operating from a 24 volt dc un-stabilised supply. The usual outputs of 4 to 20 mA and 0 to 20 mA are provided, and are proportional to the measured parameter.

Static time-lag relays

FOR USE in automatic equipment and in protection schemes, static time-lag relays with delayed drop-out and pull-in are offered by ASEA, 41 Strand, London WC2N 5JX (01-930 5411).

Drop-out delay version, RKCC 2E, is available with three different range settings spanning 60 milliseconds to 20 seconds. Analogue time measurement circuits are employed and at the end of the set time a remanence relay

Shows flow of current

BASED ON a MOS field transistor circuit a completely solid state electrometer from Keithley Instruments 1 Boulton Road, Reading, Berks RG2 0NL (0734 861287) produces a digital display of currents down to 10 attoamperes—a flow of only 60 electrons/sec.

The unit, which can also measure correspondingly minute charge levels and voltages down to 10 microvolts, is aimed at laboratories making radiation, mass spectrometry and other ultra-high sensitivity electrical measurements.

Measurement point is a remote head, thermally and mechanically stable, containing low current MOSFET, pre-amplifier, and the necessary feedback circuits for measurement purposes. For the smallest measured currents, a sapphire-mounted box is used. The head is cable connected to the main instrument to bring it as close as possible to the experiment.

KACEL INVERTER FED DISC MACHINES TELEX-KGEL LIMITED CHAM CON/ LONDON 888941

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thurley DIRECT GAS-FIRED SPACE-HEATING AND PROCESS HEATING "See us on Stand B6/C6 THE ENERGY SHOW N.E.C. Birmingham 19-25 February 1979"

LOMBARD

Goodbye to the British

BY JONATHAN CARR IN BONN

THE LABOUR Party's manifesto for European direct elections seems bound to be snapped up eagerly abroad. Word has already spread that the document hints Britain will leave the Community unless fundamental changes are forthcoming. Continental Europeans will hardly be able to believe their good fortune. Like members of a club losing an inveterate member about the subscription and rules, they may even feel disposed to toss their hats in the air.

Baffled

Still, it would be unwise for them to celebrate prematurely. As Britain's eight Community partners know only too well the Labour Party is not the Government. How often they have watched Mr. James Callaghan or Mr. Denis Healey attempting to negotiate in good faith in Brussels while at home Labour Party members fulminate against the EEC and all its works. The results of this division are often astonishing. For example, Government leaders can satisfy themselves that the European Monetary System (EMS) could well benefit Britain—but they cannot insist on full membership for fear of antagonising the anti-Europeanists. Britain's baffled partners are thus faced with the spectacle of a country prepared informally to take on the discipline of the system while cutting itself off from the benefits which go with formal participation. Those whom the gods wish to destroy they first make mad.

This sad picture may, after all, cause the other eight countries to tone down the elation they might otherwise show at the prospect of British withdrawal. No doubt it would be better to display statesmanlike regret—and for a minority that is not to be hard. Take Chancellor Schmidt, who has spent much of his career insisting that Europe could not be built without the British. The French were always saying the Anglo-Saxons could not be relied upon but, despite frequent evidence to the contrary, Herr Schmidt took another view. It sustained him even through that irritating period of so-called re-negotiation, culminating in the Dublin Summit Conference of 1975.

Or take Herr Willy Brandt. Newly in office as Chancellor in

1969, he invested much energy in pressing the French to agree to negotiations on Community enlargement—to include Britain. It will hardly be a welcome realisation for him that he was wasting his time. Like many other West Germans, no matter what their political party, he really thought that British membership would give the Community a new dimension—the accumulated wisdom of a parliamentary democracy with a long history and worldwide experience. How wrong can you be?

There may even be a few to regret what might have been had Britain, instead of announcing withdrawal, gone on to fight some of its more sensible battles inside the Community. After all, it is not as though Britain has no allies in the West German Government for its views on changes in the Common Agricultural Policy (CAP). The question is not whether such changes should be made but how and according to what timetable. There are also those, even now, ready to lend a sympathetic ear to Britain's Community budget complaints. Why should there not be—since West Germany and Britain are two major net contributors and have a common interest at least in seeing that the money is spent wisely?

Alternatives

But all that would pre-suppose that Britain was prepared to negotiate constructively—fighting for its national interest like every other member but not with the attempted blackmail of withdrawal. After six years of British Community membership the mood in West Germany is clear enough.

Community business, imperfect though it is, is not going to grind to a halt for another re-negotiation. If Britain feels that the United States and Commonwealth still provides some kind of alternative; if it is encouraged by the treatment EFTA states have received from the EEC and would like to be one of them again; or if it feels it could rejuvenate its industry behind a protectionist wall without causing similar barriers to be erected against its exports elsewhere; if, in sum, it thinks that its difficulties are community-induced and not self-created—then Britain should leave, and close the door firmly behind it.



A late entrant in the race to attract new industry

BY ANTHONY MORETON

FOR SEVEN days in October, Bradford, in Yorkshire, is to play host to the world. If this is a sweeping assertion about what will actually happen it does have a grain of truth in it. Bradford intends to promote itself to the world in the first week of October and it is inviting industrialists to see for themselves what the city has to offer.

Late entrant

Central to the promotion will be the Bradford Experience, an exhibition costing £100,000 to portray six aspects of life in the metropolitan district—its people; land and building; financial services; communications; a place to live; and the various services on offer.

Bradford is a relatively late entrant in the highly competitive race to attract new industry. Northern rivals such as Newcastle, Hull and Liverpool have long accepted the need to sell themselves, also much smaller areas such as Thamesdown (known as Swindon) or Corby, with arguably fewer problems, have also seen the necessity.

However, Bradford has come to the realisation that its near neighbour to the south, Sheffield, has been getting the industrial cream. It now wants to win a share for itself.

By national standards Bradford is not a badly depressed area. It is reflected in the fact that it enjoys only a "intermediate area" status. It has 6.9 per cent unemployed compared with the national average of 5.7 per cent, but is at a disadvantage compared with Sheffield (4.1 per cent) or West Yorkshire as a whole (5.2 per cent).

The city, however, over the past two decades has had to come to terms with the declining importance of its major industry—wool textiles. Not long ago, half the city worked in the woollen industry and a sizeable proportion of the rest was engaged in related to its bigger employers—India and Pakistan searching for workers to man its plants, especially to operate the night shifts and replace the women workers who were moving out into more socially acceptable jobs in shops and offices. Many of those women have

gone into the mail-order firms. With both Grattan Warehouses (3,380 employees, turnover £155m) and Empire Stores (5,130 employees, turnover £93m) in the city's boundaries this has been one of the big growth points since the 1950s. Another has been the building society movement with the Provincial and the Bradford and Bingley among the country's top dozen.

Services too, have grown in importance as manufacturing industry has declined. The change has not been unwelcome but the city now believes it is time to attract back some manufacturing concerns in order to avoid becoming over-reliant on white-collar occupations.

Cheap imports

Now, only about a quarter of Bradford's work-force is employed in the wool textile industry. The bottom end of the trade has been hit by changes in fashion and increased imports of cheap clothing. At the same time the large number of small- and medium-sized firms have been rationalised into a very acceptable home to many ethnic minorities, long before

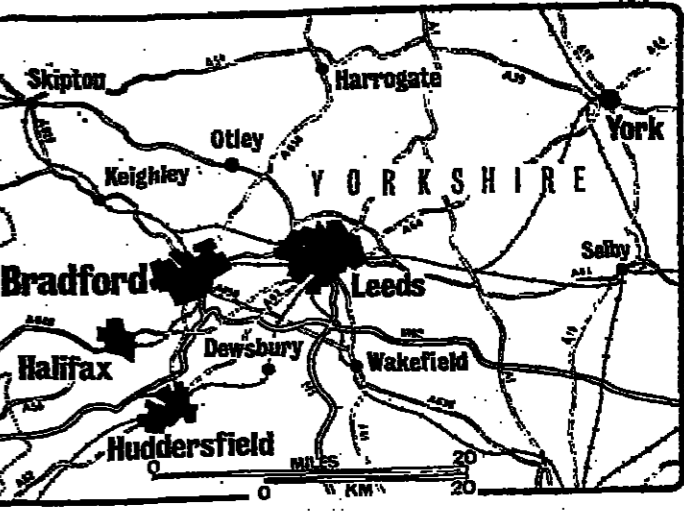
sequently empty and gaunt. These changes have left gaps in the city and it is these that need to be filled.

"These gaps increased last year with two painful closures outside the woollen industry. In March Lucas Aerospace announced plans to close plants in Bradford and Shipley, throwing 700 out of work (a blow which was partly offset by the company's decision to open another works employing 600), and immediately afterwards, in April, Thorn Industries laid off 2,500.

Bradford's problem is that there have been few big newcomers and most of the growth which has taken place has been in small local concerns growing larger. Such growth is not welcome but it is not sufficient, especially with Sheffield doing rather well.

What the city needs to do quickly is to improve its image. While it may not be the "Jerusalem in England's green and pleasant land" of which William Blake wrote, it is not his land of "dark Satanic mills" either. It wants to get this message across firmly.

In fact, Bradford has been a very acceptable home to many ethnic minorities, long before



the Pakistanis arrived. Even today one part of the city is known as Little Germany and there are still pockets where it is possible to trace Polish, Lithuanian and Italian antecedents.

By far the largest minority is the Pakistanis. There are some 42,000 non-whites in the city, about 9 per cent of the total population. Because of the number of young people going to Bradford the birthrate of non-whites is rising at a time when that of the whites is falling. It is estimated that by 1988 there will be 66,000 non-whites out of a population of 415,000—16 per cent of the total.

Bradford has absorbed these new immigrants as it absorbed earlier waves without any real problems and race relations within the city are good. In order to mount an exhibi-

tion as large as the Bradford Experience the local authority has had to go to the Richard Dudd Sports Centre, a mile or two from the city centre. Nothing wrong with that: the sports centre is an attractive building, opened less than a year, with one of those fashionable irregularly shaped swimming pools complete with a sunbathing area, that are all the municipal rage just now.

The centre is named after Mr. Richard Dudd, a local-boy-made-good whose chief (probably only) claim to world fame is that he fought Muhammad Ali. For a year and 13 days Dudd was the British heavy-weight boxing champion and on May 28, 1978, he lasted five rounds with the champ, which was good going. Bradford hopes his example will be equally good for the city over seven days in October.

Alverton has the class

BY DOMINIC WIGAN

PROVIDED there is no severe deterioration in the weather overnight, Sandown should today give us the first afternoon's racing in 10 days. One man who will be more anxious than most for racing to be given the go-ahead on the Escher course is Peter Easterby. The northern trainer usually does well with those runners he sends on the long haul south

RACING

to Ascot and the Park courses and it could well be that Alverton will add to that success rate with a win in the Leisure Caravan Parks Chase.

The nine-year-old Midsummer Night II gelding, whose best price for the Piper Cheltenham Gold Cup is 40-1, showed that he had suffered no ill-effects from a tumble in the Masser-Ferguson Gold Cup when re-appearing at Wetherby on

Boxing Day. Jumping well throughout in that course's two-mile Cardigan Chase, Alverton found giving 10 lbs to Lord Greystone too much, and went down by three lengths. He was not given an unnecessarily hard race by Jonjo O'Neill.

Although an 11-8 on chance there, Alverton almost certainly ran up to his best over a trip a long way short of his optimum, and I shall be most surprised if he does not take all the beating this afternoon. I hope to see him gain his 21st and most important success with a win over the fast-improving Diamond Edge.

There would be no more popular winner of the Park Chase, half-an-hour before the Leisure Caravan Handicap, than Diamond Edge's stablemate, Isle of Man, for not only is the 12-year-old owned by the Queen Mother, but he has so often in the past put up his best performances here.

A respectable fourth behind Siberian Sun in Newbury's Old

Year Chase on his only previous appearance this term, the Saxon House chaser seems sure to make a bold bid for his fifth course triumph. But he is quite the force he was a few seasons back and I rather doubt his now being good enough to cope with Persian Camp.

A better proposition from Fulke Walwyn's prolific Lambourn establishment is probably another horse carrying the Queen Mother's colours, Special Cargo. This once-raced brown gelding, who has the stamp of a smart chaser in the making, put up a highly encouraging performance when running the more experienced Colway Boy to four lengths in a division of Newbury's Speen Novices Hurdle on November 25.

SANDOWN

- 1.00—Special Cargo***
- 1.30—High Grange
- 2.00—Persian Camp
- 2.30—Spartan**
- 3.00—Spartan**
- 4.00—Royal Coachman*

LONDON

- 9.30 am Schools Programmes.
- 11.54 Cartoon. 12.00 A Handful of Songs. 12.10 pm Pippins. 12.30 The Cedar Tree. 1.00 News, plus Scotland—5.55-6.20 pm Reporting. 1.05-1.15 Spectrum. 10.45-10.50 Regional, National News.
- Wales—11.05-11.30 am For Schools (Let's Look at Wales). 1.45-2.00 pm Sioncyf. Sponcyf. 5.55-6.20 News Today. 7.00 Heddiw. 7.30-9.00 King of Instruments. 10.15 Kane on Friday. 10.45 Regional, National News. 10.50 Hanner Munnud. 11.20-1.10 am The Late Film: "Young Man of Music".
- Northern Ireland—10.23-10.38 am For Schools. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.18 Gallery. 10.45-10.50 Regional, National News.
- England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth); 10.15-10.45 East (Norwich) in the Country; Midlands (Birmingham) Midlands Tonight; North (Leeds) Men on Women on Men; North East (Newcastle); Mr. Swan's Electric Light; North West (Manchester); Unlucky For Some; South (Southampton) All Together Now; South West (Plymouth) Peninsula; West (Bristol) Loved I Not Hannah More.

ANGLIA

- 1.25 pm News. 2.25 Friday Matinee: "On the Beach". 3.00 News. 3.55-4.00 TV Today. 4.00 Soap. 4.10-4.15 News. 4.15-4.20 News. 4.25-4.30 News. 4.35-4.40 News. 4.45-4.50 News. 4.55-5.00 News. 5.05-5.10 News. 5.15-5.20 News. 5.25-5.30 News. 5.35-5.40 News. 5.45-5.50 News. 5.55-6.00 News. 6.05-6.10 News. 6.15-6.20 News. 6.25-6.30 News. 6.35-6.40 News. 6.45-6.50 News. 6.55-7.00 News. 7.05-7.10 News. 7.15-7.20 News. 7.25-7.30 News. 7.35-7.40 News. 7.45-7.50 News. 7.55-8.00 News. 8.05-8.10 News. 8.15-8.20 News. 8.25-8.30 News. 8.35-8.40 News. 8.45-8.50 News. 8.55-9.00 News. 9.05-9.10 News. 9.15-9.20 News. 9.25-9.30 News. 9.35-9.40 News. 9.45-9.50 News. 9.55-10.00 News. 10.05-10.10 News. 10.15-10.20 News. 10.25-10.30 News. 10.35-10.40 News. 10.45-10.50 News. 10.55-11.00 News. 11.05-11.10 News. 11.15-11.20 News. 11.25-11.30 News. 11.35-11.40 News. 11.45-11.50 News. 11.55-12.00 News. 12.05-12.10 News. 12.15-12.20 News. 12.25-12.30 News. 12.35-12.40 News. 12.45-12.50 News. 12.55-1.00 News. 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THE ARTS

Cinema

Horrors in slow march by NIGEL ANDREWS

Damien—Omen II (X) Leicester Square Theatre... Somebody Killed Her Husband (A) Odeon Marble Arch... Paradise Alley (A) Plaza 2, ABCs Fulham Road and Bayswater... Michael Relph and Basil Dearden... National Film Theatre... A Dream of Passion (X) Paris-Fulham and Phoenix

The first time was only a warning... announces the poster for Damien—Omen II: urging those who remember Omen I to the thought that if that blood-bath was only a warning—in which the murder toll included a decapitated David Warner, a defenestrated Lee Remick and a crushed Gregory Peck—Omen II must be made of strong, not to say stomach-turning, stuff.

in the last film in the form of a small boy, the son of U.S. Ambassador to Britain Gregory Peck, has now grown into a stocky youth of some 16 summers—the titular Damien—who lives with his dead father's brother (William Holden) and sister-in-law (Lee Grant) in a rich mansion in Chicago. Mr. Holden runs a giant industrial corporation, and as you may remember from the Satanic troubles tycoon Kirk Douglas had recently in Holocaust 2000, there is nothing the Antichrist likes more to sink his teeth into than a slice of major industry.

Shock-waves radiate through the film from its post-credits prologue: in which two archaeologists working for Holden, Leo McKern and Ian Hendry, are caught and killed in the avalanche of a falling temple out East. Thereafter, the course of the Antichrist established, there is a gory death approximately every ten minutes, and if you and your stomach can bear with equanimity the spectacle of a female journalist (Elisabeth Shepherd) being gored senseless by a roadside raven prior to being hit by a ten-ton lorry, then see how you fare with the scene in which a doctor is sliced in two—and his intestines cross-

sectioned—by a power cable in a crashing lift. The deaths, in a word, are not lacking in quantity or invention. What is lacking is sufficient plot justification for them. The Biblical mumbo-jumbo here invoked to explain Damien's mystic powers (and mostly plucked from the Book of Revelations) varies between the perfunctory and the ludicrous. There is far less quiet menace and slow build-up of story-clues than in Omen I—qualities that lifted that film way clear of its Exorcist rival—and one has the feeling that the writers of Omen II started with the premise of a minimum quota of shrewdly spaced deaths and then, as in a dot-and-line drawing, did their best to pencil in the connections. Though not unenjoyable as a 107-minute roller-coaster ride—and sumptuously shot in Panavision—the result suggests that the Omen saga, like so many spin-off series, is now embarking on the slippery path into pulp fiction.

In Somebody Killed Her Husband there is more bare than the square foot of screen than in any recent American movie. The legendary Ms Farrah Fawcett Major contributes her rococo tresses to the role of a New York

wife caught up in an affair and a murder plot, while Jeff Bridges, tousle-haired and hippy-bearded, plays the toy-department assistant at Macy's who joins her in both. Immured behind their respective follages they add the handicap of frequent physiognomic impenetrability to the natural disadvantages of a comedy-thriller script only a few notches higher in quality than the late-lamented Foul Play.

After falling for the loquacious, scatter-brained Mr. Bridges one romantic shopping afternoon in Macy's, Ms Majors invites him back to her luxury apartment. No sooner have they declared and consummated their love than Ms Majors finds her husband in the kitchen. Dead. With a knife in his back. They secrete the body in the fridge, realising their prime susceptibility as murder suspects, and set out to solve the case themselves.

The following adventures, strewn with additional corpses and culminating in a showy showdown in the toy-filled basement at Macy's, are directed by Lamont Johnson with some flair and acted by the principals with even more. The snag is the screenplay by Reginald Rose: which begins and ends with impetuous jollity, but sags in the middle as if someone has sat on it. Like Foul Play it has the germ—and more—of a bright idea, but it needs a Hitchcock to come in, tidy things up and lend the film a touch of class.

Quite the loudest and most relentless American film of the week is Paradise Alley, in which the triple role of writer, director and star is sustained by Sylvester Stallone. If you thought that Stallone's Rocky had said all that there was to be said about rags-to-riches boxing careers on the seamy side of East Coast cities, you were in a state of happy ignorance. Ditto if you thought there was nothing more to learn about Mr. Stallone's star-making brand of adolescent machismo—a cross between Marlon Brando and Yogi Berra. Paradise Alley leaps from the screen and batters you about the ears. This multi-decibel reprise of Stallone's earlier hit is set in 1940s New York and wields a mercilessly one-note line in Damon Runyon-style dialogue. Stallone, playing the good-hearted loud-mouth who wants to promote his younger brother's pugilistic career, gives a display of Actor's Egomaniac arguably unrivalled since Welles in Citizen Kane (whose egomania was at least

in character); and the plot, at once sentimental and monolithic, seems to have come from some Stone Age of Hollywood evolution.

Why not enjoy the quieter pleasures of a season at the National Film Theatre? The producer-director duo of Michael Relph and Basil Dearden are not among the British film-makers who have set the Thames on fire: but their craftsmanlike, polished entertainments propped up the British cinema for 22 years (1947 to 1969) in one of that institution's generally less lustrous eras.

Most of the titles will be familiar to filmgoers with averagely long memories—The League of Gentlemen, Victim, Women of Straw—but there are two earlier, lesser-known gems well worth your inspection. Saraband for Dead Lovers (1948) is a costume melodrama of rare flair about the life and loves of Sophie Dorothea, German wife of George of Hanover. (She was discarded by him when he became George I of England.) The film stars Joan Greenwood, Flora Robson and Stewart Granger, and leads them and us a merry, sumptuously coloured dance through the staterooms and bedrooms of history. The other forgotten gem is Pool of London (1950). This somberly atmospheric black-and-white thriller is masterfully constructed, and in its subplot account of a black sailor's adventures in London is surely the first British film to give a serious airing to the topic of race prejudice?

Melina Mercouri's voice, that distinctive mixture of honey and broken glass, lends Jules Dassin's A Dream of Passion some distinction, but not quite enough. Dassin's special brand of Hollywood Hellenism, which produced such cross-culture oddities as Never on Sunday and Phaedra, has here concocted a modern-dress Medea: or rather a meeting between two Medeas, since one is Miss Mercouri, playing an actress rehearsing the role for a Greek stage production, while the other is Ellen Burstyn, playing a real-life infanticidal mother doing time for her crime in a Greek prison.

Correspondences between Life and Art are on the menu, but Dassin, being Dassin, has overcooked it all. There is more spurious name-dropping in this movie than I ever hoped to encounter in a single film: a title dedication to Ingmar Bergman, a verbal homage to Bertolucci, etc. And meanwhile Miss Mercouri's performing style is so steadfastly manneristic that we never believe, as we are urged to, that her meeting with a "real" Medea has given both her acting and her life a spiritual blood-transfusion.

Leicester Haymarket

Everything in the Garden by MICHAEL COVENEY

Giles Cooper's acerbic, beautifully written comedy of revenge on the materialistic middle classes was one of several excellent plays in 1962. Others—collected in Volume 7 of Penguin's New English Dramatists—were Rudkin's Afore Night Come and Wesker's Chips with Everything. I have long wanted to see this play and must first to date on a piece that pre-dates Ayckbourn's first West End success by two years and is so prophetic of much we now take for granted in British drama, whether it be in Ayckbourn or a Mike Leigh improvisation.

Cooper (now dead) was an outstanding radio playwright and this his only real success in the theatre. The scene is a well-appointed sitting-room in an outer suburb of London. Jenny and Bernard Acton are comfortable, but feeling the pinch. There are school fees, gas bills, tax demands and the projected greenhouse to cope with. Jenny has placed an advertisement for a job and is visited by a Polish madame (Diana Bishop) of a high-class brothel who has an exact analysis: "You don't ask for much—just to keep what you want and each year it becomes more difficult."

While not being exactly the work of Mrs Thatcher's notorious paucity, the play does strike some sharp contemporary chord with an audience. The couple are a horrendous pair. They treat their 15-year-old boy appallingly; Bernard is dead against his wife having a job yet, like his neighbours, only too keen to live off the ill-gotten gains when she does go off to Wimpole Street and earn 25 guineas each afternoon; and the living-room seems to reverberate with dreadful anti-semitic remarks.

The sudden cash inflow is not used to ease poverty but sustain a life style, which means a new lawn-mower and a champagne



Gwen Taylor and Diana Bishop

Leonard Burt

party. It is at this gathering, in the third act of the play, that the female neighbours are all revealed to be whores and Mr. Cooper's writing achieves a technical brilliance in its use of small talk, counterpointed conversations and frightening climax. A lecherous bachelor who accidentally hits on the reason for the new prosperity is smothered and buried callously in the garden, just where the Brussels sprouts were meant to go. The point is not that life is like this in the suburbs, but that it might just as well be like it. Mr. Cooper knows these people so well and hates them with a passion. The extraordinary thing is that the impact of the play is so exhilarating, the work of a skilled miniaturist operating flamboyantly within strict limits. Gwen Taylor and David Horovitch are superb as the Actons, the party scene brilliantly orchestrated by Mr. Meacham and the entire evening a most valuable and entertaining revival of a minor boulevard classic.

Largest-ever Edinburgh Festival

This year's Edinburgh Festival, the thirty-third but the first under the direction of John Drummond, will be the largest ever. Scheduled performances already total nearly 200, with artists coming from 23 countries, including China and Cuba. As expected there is less emphasis on opera. Instead of an appearance from one of the major international opera companies the 16 opera performances will be provided by the

Kent Opera and Scottish Opera. But there will be more ballet—Sadlers' Wells Royal Ballet and the National Ballet of Cuba will both appear. The Festival runs from August 19 to September 9 and among the artists performing are cellist Rostropovich, flute player James Galway, Dame Janet Baker, Peter Pears and Riccardo Muti. Orchestras include the Boston Symphony, and among the theatrical companies are the Rustavelli from

Soviet Georgia and the Bristol Old Vic. A theme of the Festival will be Diaghilev who died on August 19, 1929. Operas, ballets and plays associated with him will be featured. Mr. Drummond said this week: "Some people still see the Festival as being sort of stuffy. I want to take the stuffiness out. I want to take the Festival out into the streets and shopping centres, to where the people are."



Elisabeth Shepherd in Damien-Omen II

Elizabeth Hall

Fires of London by MAX LOPPERT

The Fires revived on Wednesday their staged version of Pierrot lunaire. (Was it this that drew the large crowd of enthusiastic young people? Or have the players at last attracted the following they deserve?) "Staged" here meant that the players occupied the left side of the platform while Mary Thomas, in Pierrot garb and make-up enacted modest routines in a central spotlight to a darkened auditorium. (There were three shades of spotlight, white for the first group of seven songs, red for the second, blue for the third.)

It is a resolute, impressively well-rounted account of Schoenberg's "Dreimal sieben Gedichte"—a work as inexhaustibly rich in its musical substance and poetic allusiveness as it is difficult to bring off with absolute conviction. The playing of the five instrumentalists as directed by Peter Maxwell Davies could hardly be bettered: of the finest flutegs, quick to pick up and transmit the swiftest nuances of suggestive phrasing and subversive tone colour, unfailingly sensitive to questions of balance and texture.

And Miss Thomas must be praised for her very musicianly solution to the perennial problem of sprechgesang—the lines were cleanly pitched, drama being supplied by variation of tone colour. Indeed, so much

did I admire the deftness of the musical execution as a whole that for the most part I savoured it with my eyes closed, the better to avoid the physical movements gamely but all too often predictably undertaken (and all too often fallibly sustained), the wobbly Palais de Danse lighting the lack of overall poise and control.

The first half of the programme had brought the first London performance of Maxwell Davies' Rites from a Holy Island—a divertimento, he might almost have called it, brief, uncomplicated in effect (though intricate in construction), deliciously light and picturesque. The first performance of John Hopkins' The Cloud of Unknowing, for a Maxwell Davies-type ensemble (and dedicated to the elder composer), was also full of good things—noticeable among them the angry tremolando outbursts in the scherzo-line finale—though the sum of them was not consistently gripping, and seemed to be marked rather too obviously (if hardly surprisingly) with the Maxwell Davies musical impress. In between these two works, Stephen Pruslin gave a superbly cogent, indeed comprehensive account of the Elliott Carter Piano Sonata (1948), its grand rashes of jazz energy and tangled simplicities captured and sustained from the very first bar.

Cottesloe

The Putney Debates by B. A. YOUNG

This rehearsed reading of the proceedings of the Council of Cromwell's New Model Army in the autumn of 1647 has been given only two performances, of which Wednesday's was the last. This is a sad thing, for a profound and interesting work, found dislike of Cromwell and all he stood for) are not only interesting but stirring as well.

The matter has now been resolved; the King was executed a few months later. But it is interesting to see how decisions were reached, to hear Colonel Rainborough pleading for universal suffrage and the equal distribution of all property, Ireton defending the King and the Lords as if he were on the Conservative back benches, Cromwell's specious argument that as the King was a Minister of State he was subject to the will of the House of Commons. What makes it stirring, however, is not the argument so much as the language in which it is proposed. The ideas are phrased with a majestic clarity and simplicity, and with a determined adherence to the rules of decent conduct which all the members of the Council believe

to be shared by everyone. Time after time, reference is made to God, to conscience. "An honest man and an Englishman" is Cromwell's highest tribute.

With these right-minded standards, the Council succeeded in giving England a new constitution. With free, compulsory universal education, the "agitators" of our own time (it was not a word of dispraise to Cromwell) can only manage with their mean, vulgar phrases learned from textbooks of sociology to persecute invalids and schoolchildren. If there was an occasional man among them capable of saying, as Rainborough said, "The poorest he has as much right to live as the greatest he," I might find more confidence in them.

The debates have been edited and directed by Jack Emery. With respect, I suggest that the Cottesloe replaces some of the scheduled performances of The World Turned Upside Down with further performances of this. The company is more or less the same—in itself a guarantee of good speaking.

Covent Garden

Birthday Offering

Birthday Offering is subtitled as Vaganova so miraculously did in Leningrad. Scènes de Ballet—also in the programme, and antedating Birthday Offering by nearly a decade—is entirely forward-looking, and it still challenges its cast on a level above the mechanics of its elder companion. It sheds light upon the essential links between past attitudes and present needs and aspirations that are also the essence of what Vaganova achieved in Leningrad. It demands radiantly assured dancing of today to explain the radiantly assured dancing of the past, and with Lesley Collier's assumption of the lead- ing role Scènes receives a most attractive brilliancy of style, with a quick rewarding musicality in every step.

Collier was also the sacrificial heroine of Rite which closed the evening. It was her first performance: as yet rather consciously a victim—Monica Mason, the rôle's creator, is set apart from the moment the three elders first approach her; Collier remains part of the tribe almost to the last—it promises a lot for the future.

CLEMENT CRISP

Two book awards announced

The Arts Council and the Provincial Booksellers Fairs Association invite submissions for two awards of £250 each. This year's awards will be for a book on travel or exploration and for a dust-jacket. Both the travel book (which must be the author's first book in this field) and the book for which the dust-jacket was designed must have been published in Great Britain or Ireland since April 1, 1978. Entries will be judged by a panel selected by the Provincial

Booksellers Fairs Association and the Arts Council. The winners will be announced at this year's Provincial Booksellers Fairs Association's June Book Fair (June 11-13) at the Imperial Hotel, Great Russell Street, London, where selected entries will be displayed. Entries should be submitted to: Mrs. Edna Whiteson, Book-seller, 343, Bowes Road, London N11. The closing date for entries is March 31. Entries should not be sent to the Arts Council.

Jazz at Redgrave Theatre, Farnham

The Redgrave Theatre, Farnham, Surrey, is presenting four jazz concerts beginning next Sunday, February 5, when singer George Melly will be the attraction. On Sunday April 8 the featured group will be the Graham Collier sextet. In June there will be two concerts, both on Mondays.

RONNIE CORBETT

Requests the honour of your attention at 8.50 a.m. on Sunday, 4th February, 1979, on BBC Radio 4, when he describes for you the merits of his new book for you and your friends our best care for the newly handicapped. Please send donations to: The Home Farm Trust, 54 Queen Square, Bristol BS1 4LH

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Arms contracts and the Ayatollah

THE SUSPENSION of all outstanding defence contracts by the Iranian Government is a blow to the main arms supplying countries. But the announcement by Dr. Shahpour Bakhtiar, the Iranian Prime Minister, was hardly a surprise. Given the popular criticism of the Shah's massive arms buying spree over the last five years, and the need for Iran to economise, some such move had long been expected.

Profitable

Since 1972, when President Nixon promised to supply the Shah with any U.S. weapons he could buy, Iran has been the most profitable market in the world for American and British defence suppliers. Grumman had hoped, for instance, to sell 300 F-16 aircraft, while Britain had planned great hopes on supplying a total of over 2,000 Chieftain tanks.

Does the suspension and alteration of contracts mean, in effect, that most will be cancelled? There is little chance that contracts only in their initial stages will go ahead. But equipment already supplied will need to be maintained and supplied with spares. Without foreign technicians much of the highly sophisticated weapons in use in the Iranian armed forces will simply cease to function.

The extent of cancellations will largely depend on the course of political events within Iran. The army has grown accustomed to receiving modern weapons almost regardless of expense. So long as the fear of an army coup remains then whoever forms the government in Tehran may be inhibited from practising wholesale surgery on the military budget.

Bleak

But the political future of the Iranian army now looks bleaker than it did even two weeks ago. At the end of last year martial law and military government notably failed to quell the uprising against the Shah. Threats

by some senior generals of a coup if the Shah left were never absolutely convincing. Since the Shah departed the killings of demonstrators in the streets of Tehran means that much of the obloquy previously directed at the monarchy is now aimed at the armed forces. It is by no means clear whether the army is still united and most of the troops used in the capital are from elite units. Elsewhere there have been confused but taken as a whole, convincing reports of soldiers supporting Khomeini.

Old score

Had the Ayatollah returned immediately after the Shah departed it is possible that a mood of euphoria might have prevented too many old scores being settled. Instead, the political vacuum, which Dr. Bakhtiar has tried and failed to fill, has led to a further dissolution of government authority. This process will prove extremely difficult to reverse.

The problem for the foreign defence and oil companies, and any other businesses involved in Iran, is that no part of the Iranian government is in a position to take definite decisions. Cancellations will come, but in many other cases equivocation, confusion and delay are likely to beset all major civil and military projects.

Authority

The arrival of Khomeini in Tehran and his apparent postponement of plans for an Islamic Revolutionary Council do little to clear up the confusion. Will the undoubted authority he exercised from Paris wane as he tries to adopt a concrete programme in Iran? Will the much divided army follow him? A rapid answer to these questions is unlikely. The Shah, the generals and the present government have all proved unable to rule without Khomeini's support but this does not mean that Khomeini himself can exercise full and absolute authority.

Targets in the State sector

THE GOVERNMENT'S treatment of the nationalised industries since it came into office five years ago has in many ways been commendable. It took the politically courageous step of ending its predecessor's price restraint policy and restored nationalised industry prices to an economic level. It invited the National Economic Development Office to carry out a major enquiry into the industries' role in the economy and the ways in which they could be controlled in the future.

Although parts of last year's White Paper containing the Government's response to the NEDO study were not to everyone's taste (as, indeed, were some of the NEDO team's own recommendations), the re-definition of the economic and financial framework within which the industries would be expected to operate at least offered a prospect of government/nationalised industry relations being put on a more regular and sensible footing with, in particular, a clear distinction being made between the respective responsibilities of Board and Minister.

Planning

An essential part of this framework, the White Paper noted, would be the restoration of financial targets. Targets may not be the only or even the most appropriate basis for judging performance, especially in the case of state industries with quasi-monopoly powers. But they are a central feature of the guidelines the boards expect from Ministers and they are crucial for medium-term planning.

It is therefore disappointing that the targets the Energy Secretary has now set for two of the biggest industries—gas and electricity—should fall short of the promise the White Paper offered. The first point to note is that the targets are intended to apply only for one year, 1978-79, instead of the normal three to five years. As Sir Denis Rooke, the Gas Corporation's chairman, told a Commons select committee this

week, a target for a single year is impossible.

It serves neither as a basis for planning, a discipline for management, or a yardstick for the public in industries where sales can fluctuate with the weather. It adds little more than a belt to the braces of the annual cash limit which since 1976 has been applied to the boards' external financing requirement and which is now the Government's principal short-term financial control. It is not as if an interim target is justified by the delay in drawing up agreed inflation accounting standards: it would be a simple matter to reformulate targets based upon existing accounting practices once current cost accounting standards were adopted.

Responsibility

The other unsatisfactory feature arises from the effect upon prices. The Government is fully entitled to insist that gas and electricity tariffs should be maintained in real terms (even if this means setting higher targets than the industries themselves suggested). But, if this is its policy, it should clearly say so. It is true the Energy Department's announcement claimed that the new targets would ensure that gas and electricity prices maintained their present real value in 1979-80 but, as Sir Denis Rooke said this week, the two industries need clear guidance as to future years before they can decide the timing and size of a tariff increase. So presumably will the Price Commission if, as seems only too possible, these increases provide the occasion for a major investigation by the Commission.

Who is particularly unfortunate is that, in the absence of a policy statement by the Energy Secretary, it will be suspected that not only is the Government trying to avoid the public responsibility for forcing up gas and electricity prices but, by intending to apply only for one year, 1978-79, it is trying to escape the discipline that as NEDO pointed out, financial targets also to some extent impose upon Ministerial intervention.

Tug-of-war over labour legislation

BY ALAN PIKE, Labour Correspondent

THE PASSAGE of this Government's employment laws through Parliament was hailed by the trade union movement as one of the great historic landmarks in labour history. Four years later, as recent events in the High Court have illustrated, some flaws are beginning to show in this attempt to re-write employment legislation on an unprecedented scale.

There was a breathtaking output of legislation affecting life in the workplace during the early days of the present Government. One of the highest priorities of Labour Ministers when they came to power was to repeal the detested 1971 Industrial Relations Act and replace it with labour law which consummated the new spirit of co-operation between the trade union movement and Government. The social contract gave birth to the Advisory, Conciliation and Arbitration Service, the Equal Opportunities Commission, a new approach to health and safety in the workplace and a range of new employment rights for individuals.

Many industrialists believe there has been too much new labour law too quickly, and that it has had a restrictive effect on business activities. Others would, and often do, go further and suggest that some of the new provisions are blatantly one-sided and written by the trade union movement in its own interests.

The TUC's close involvement in shaping the Trade Union and Labour Relations Act and the Employment Protection Act has never been denied. But in some important areas judicial decisions have steered the legislation in directions which sponsors did not intend. Culminating in last week's success by United Biscuits in gaining a High Court injunction against a shop steward involved in secondary picketing at a supplier factory.

After its experience with the Conservatives' 1971 Industrial Relations Act the TUC had been particularly concerned to have sympathetic industrial action placed on a legal footing to its liking. Many union leaders had hoped to have some picketing rights, like the ability to stop vehicles, more clearly defined but the Government has never been able to reach agreement with unions, employers, police and other interested parties on this.

In last week's case Mr. Justice Ackner decided that the activities of Mr. Reginald Fall, the shop steward in the United Biscuits case, were too far removed from the lorry drivers' strike to be protected by the Trade Union and Labour Relations Act (TULRA). This was not, in fact, the first occasion on which the courts have interpreted the immunity in TULRA for trade union action taken "in contemplation or furtherance of a trade dispute" in a way which has

disturbed the TUC. There were already Court of Appeal decisions against unions arising from attempts by the Association of Broadcasting and Allied Staffs to prevent FA Cup Final coverage being transmitted to South Africa; an instruction by the Society of Graphical and Allied Trades to members at the Daily Express not to produce extra copies during a dispute at the Daily Mirror; and an attempt by the International Transport Workers Federation to block a Liberian ship.

These were followed in December by a Court of Appeal ruling that a National Union of Journalists' instruction to its members at the Daily Express to black copy from the Press Association news agency during the provincial journalists' strike was not protected by the Act. Among Labour MPs that, following the NUJ and United Biscuits cases, further legislation on sympathetic action and picketing will be required.

Example of Grunwick

The other area in which the courts have intervened in a way which is not to the liking of most senior union leaders is the field of trade union recognition. There is little disagreement that the recognition procedures of the Employment Protection Act, under which a union can apply to the Advisory, Conciliation and Arbitration Service to conduct a recognition investigation and make recommendations, have been a disappointment and a failure. If Grunwick remains the most dramatic example of the fallibility of the recognition procedure it is not there only one. The number of workers who have actually won recognition through the procedures is modest and last year ACAS had to abandon completely an investigation at Pchelina because the company would not co-operate.

At the same time a number of ACAS investigations have led to litigation and last month the Court of Appeal upheld a judgment against the Service which is at least as important in industrial relations terms as last week's decision on picketing.

In what Lord Denning, Master of the Rolls, described as "another story of David and Goliath" the Court decided that ACAS had misdirected itself in law when it decided against recommending recognition for the non-TUC affiliated United Kingdom Association of Professional Engineers at APE-Allen, a Bedford engineering works. The entry of non-Confederation of Shipbuilding and Engineering Unions organisations into the industry is opposed by both the TUC unions and the Engineering Employers' Federation;

and ACAS—in line with a philosophy which it has adopted in other similar cases—declined to recommend recognition for UKAPE in spite of strong support among the staff the union wanted to organise.

Lord Denning, referring to ACAS's contention that it could not disregard "the implications for industrial relations" of making a recommendation which would be opposed by both the EEF and the Confederation said: "The implications are presumably strikes or blacking if UKAPE were granted recognition. That being one of the reasons, the question at once arises: Ought ACAS to be influenced by implications of this kind? My answer would be emphatically 'No'."

The ACAS Council has not yet decided whether it will take the UKAPE case to the House of Lords. By emphasising the question of individual choice Lord Denning was, however, identified priorities different to those of union leaders and employers who believe that fewer unions, rather than more, is the solution to many industrial problems.

Once again a change in the law is likely to be urged. The TUC had decided that the recognition provisions of the Act had failed before the UKAPE judgment and is engaged in discussions with the Government on how they might be changed.

Quite apart from putting a vast burden on ACAS and its Council the existing arrangements, and the legal actions which they have stimulated, risk damaging the reputation for impartiality which the service must retain if industry is to have confidence in its wider advisory and conciliation roles.

Doubts about some aspects of the new laws are not confined to court decisions. In 1975 the Equal Pay Act, inherited from a previous government, came fully into force after a five-year running in period. The relative improvement in women's earnings produced by the Act has been maintained and, since many women are employed in areas where union organisation is weak, a return to free collective bargaining is likely to widen differentials.

It was always recognised that the Equal Pay Act alone would not solve the broader problems of women's equality in fields like promotion and training. To help tackle these issues the Sex Discrimination Act was introduced and, three years ago, the Equal Opportunities Commission was established.

Progress—some of the Commission's critics think that this is too strong a word—has been disappointing. A Commission survey of 575 leading employers in both the private and public sectors showed recently that only 2 per cent had taken really positive action to overcome discrimination. While the majority

had taken formal steps to avoid actually breaking the law "the wider issues of equal opportunities have hardly been examined—indeed they may not even have been acknowledged as issues."

While sex discrimination may have been outlawed in recruitment advertising there is by any judgment a long way to go before it can be claimed that positive equal opportunity has arrived in the workplace. And if industry's approach to sex equality has been lagged the Equal Opportunities Commission itself is now increasingly attracting criticism. A growing band of sceptics in unions, women's organisations and elsewhere accuse it of being far too timid in the use of its legal powers to investigate and challenge abuses.

Having completed its study of major employers the Commission will this year undertake a similar examination of trade unions, an exercise which is likely to show that all the attitudes which need changing are not confined to one side of industry.

The problem with the equal opportunities legislation, as the Commission admits, is that in the current economic climate it has been given a low priority by industry. By contrast there is little doubt about the aspect of the new laws which has had the most forceful effect: the unfair dismissal regulations. Ask many employers—especially small ones which do not have the benefit of industrial relations, personnel and legal departments—and they will say that the law has "made it impossible to sack anyone."

The facts are slightly less dramatic. To begin with all allegations of unfair dismissal are first sifted by ACAS conciliation officers and in the last full year for which figures are available 59 per cent were settled at that stage without going for hearing at an industrial tribunal. Of those which are referred to tribunals employees fail in something like two-thirds of cases. A TUC study shows that the number of awards favourable to employees declined from 39.6

per cent in 1975 to 30.8 per cent in 1977.

One of the practical problems arising from tribunal hearings is the increasing use by employers of lawyers in what many people saw originally as informal courts. Union officials, who are often sent along to represent members, find that long tribunal hearings make heavy demands on their time.

It is the unfair dismissal legislation above all else which has led to claims by employers that the law is stopping them taking on extra labour. The Department of Employment draws comfort from a Policy Studies Institute study of manufacturing industry which concluded that there was no general indication that "employment protection legislation was inhibiting management from taking on new labour where they otherwise would have done so."

One area of the law which the CBI feels has gone too far is Schedule 11 of the Employment Protection Act, under which unions can ask the Central Arbitration Committee to bring groups of workers' pay into line with the general level in a district or industry.

With a General Election approaching, the TUC general council has sent to affiliated unions a preliminary assessment of the impact of TULRA and the Employment Protection Act. Warning unions to remember that the test of whether legislation is successful must not only take account of the results of a few individual court cases, the general council concludes that the law is proving good in some parts, neutral in others and wholly unsatisfactory only in "a small number of areas."

The TUC's priorities for amendment after a Labour election victory would be the recognition procedures, the arrangements for granting certificates of independence to unions and perhaps another look at the workings of industrial tribunals.

A Conservative Government's reaction would be influenced by the political climate in which it was elected. Mrs. Margaret Thatcher warned the unions this week that if anyone was "controlling our essential liberties and inflicting injury and hardship on the sick, the elderly and children," she would confront them. The immediate context of her remarks is obviously the recent effect of picketing in the lorry drivers, local authority and health service disputes. But there are many in the Conservative Party who would like to see the closed shop outlawed—ground on which moderates in the party tread with care—and equality of treatment between TUC and non-TUC unions.

The argument about trade union power will continue; but new aspects of the new employment legislation confer new liberties on individuals. In general, this type of right, once granted, is unlikely to be repealed, a point on which Labour and Conservative politicians, trade union leaders and judges will probably agree.

Justifiable dismissals

Rates of dismissal have certainly fallen since the introduction of the Employment Protection Act, but this is not necessarily an indication that the legislation is inhibiting justifiable dismissals. The Policy Studies Institute examination discovered that managers were "fairly evenly divided" about whether the new laws were a good thing.

A similar study of small firms produced more mixed results but the employers, asked to name the biggest problems of the year, placed the job laws 14th on a list headed by lack of money, lack of orders and recruitment of suitable staff. Only 2 per cent regarded employment protection legislation as the most difficult Government measure with which they had to deal compared with 22 per cent for VAT.

Apart from unfair dismissal, most aspects of the new laws which relate to individual rights—like maternity leave and the right to itemised wage statements—have settled down in a comparatively uncontroversial

MEN AND MATTERS

Sir Harold takes up the pen

It would be churlish not to welcome a new recruit to the world of scribblers. Yet Sir Harold Wilson has never been too keen on the Fourth Estate, which he has often accused of searching for unkind things to say about him. "De you think he will be settling a few old scores?" I asked William Davies, editor-in-chief of the impending Financial Weekly, about his latest hired hand. Davis could not rule it out.

Sir Harold will be turning in a curious column. The agreement was clinched yesterday at a long lunch in the Garrick Club. Among members who offered congratulations was Lord Longford, sensing an historic moment. When I asked Davis how much the new penny-a-liner would be getting, I was assured that this was not even discussed. "Money is quite secondary in this for Sir Harold," I was assured.

Wilson will be writing about topics of the day, political as well as financial. The magazine feels there will be no clash with his functions as chairman of the committee on financial institutions—although it will doubtless give him some helpful insights.

This debut in journalism comes late: the only previous time he was invited to write a column was in 1932 by the Guardian. He did not accept then.

Davis and his Trafalgar House boss, Victor Matthews, feel confident that the same fate will not overtake their new venture as has struck the fortnightly Investor's Review. Bought by Sir Charles Forte only six months ago, it ceases publication tomorrow. Sir Charles first acquired a stake in it exactly a year ago; its editor, Peter Shearlock, is moving—guess where?—to the Financial Weekly.



"I wish we had a religious leader whom people were willing to scrub the streets for!"

Hosts of daffodils

It is good to know that even if our arms sales to Iran may be in jeopardy, British bulbs are bursting through the soil in Holland. Enterprise of a high order is being shown by a firm which advertises its daffodil offers as "Holland bulbs." The Dutch have to look at the small print to discover the daffodils come from Holland, Lincolnshire.

But they need little persuading. It seems that British bulbs can now compete with their own. Last year, we sent more than 2,700 tonnes of narcissus bulbs to the Netherlands; the earnings, just under £1m, were double the previous year.

"The Dutch are the kings when it comes to tulips," says Terry Byrne, agricultural attaché at the British Embassy in the Hague. "But we have concentrated on the narcissus family." It seems that our daffodils have firmer bulbs and produce more flowers than anything the Dutch can produce. In a fortnight's time, the East Anelian growers will take the

fight into enemy territory. At Hillegom, in the centre of Dutch bulb-growing country, we shall have an exhibition: "Narcissus from Britain—new and well-type varieties."

Asked for it

Faced by a steady decline in the service on British Rail that made the recent strikes pass almost unnoticed, commuters in Harlow, Essex, and surrounding areas have formed a commuters' association.

Among other aims, the association has pressed for "information not silence" when something goes wrong. Clearly British Rail is sitting up and taking notice—a telephoned dispatch displayed at the station yesterday explained an interruption to services out of Kings Cross to Newcastle, Leeds, Hull and Cleethorpe.

Parting company

If you telephone BL's parts division, at Uniparts House, Oxford, it is advisable to do so early enough to finish your call before 5 p.m. Otherwise you will be disconcertingly interrupted when the clock strikes five.

On dialling again, you hear a gentle, pre-recorded voice thanking you for doing so, but explaining that the office will reopen at 8.30 next morning. Chairman Edwards can at least take comfort that his staff are not being bothered during overtime hours.

Grin and bear it

A lot of London brokers are having to eat their words about the gilt market. A classical example occurs in the latest bulletin from Fielding, Newson-Smith. Under the heading, "The strategic Bullish View in Temporary Cold Storage," they declare themselves as being "factually bearish."

The explanation is pretty convoluted too: "In macro-economic terms we are experiencing an exogenous increase in wage costs superimposed upon an economy which has already experienced the peak of activity in the current business cycle set against a background of restrictive monetary targets." Who could say fairer than that?

Footloose farmers

If the drift from the land goes on at the present pace, farms in the developed countries will soon be kept going by a relative handful of old men. According to statistics worked out at the International Labour Organisation in Geneva, the farming population in Western Europe, North America and Japan will be only 10m in the year 2000, it was 32m in 1970 and 70m in 1950.

The number of farmworkers under 25 will be down to 400,000. In 1960 it was 16m. Eighty per cent of the people on the land will be more than 45 years old, and only 4 per cent under 25.

Too risky

Sir John Eden, Conservative MP for Bournemouth West, grew thoughtful in the midst of so much political uncertainty about his wife's plans to take a skiing holiday with his sons in Switzerland at the start of April. Supporting her was obliged to fly back in haste to perform her role as a candidate's wife?

Eden has tried to insure against the consequences of a general election being called at the start of April. Yesterday he was told that nobody could be found in Lloyd's who would make out a policy covering that time.

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Observer

POLITICS TODAY

The deceptive calm in Ireland

MR. ROY MASON, the Secretary of State for Northern Ireland, has achieved a remarkable success by the standards of most ministers. Belfast today is comparatively quiet. If one has to fall back on that awful phrase "an acceptable level of violence," Mr. Mason has brought it about. You are much more likely to be run down by a motor car than attacked by the IRA.

There has been success in another area, too. Northern Ireland is again attracting international investment, though admittedly with the help of enormous subsidies. Since the Secretary of State set himself two main aims—bringing about a measure of security and the restoration of something approaching normal economic life—his mission may be said to have been almost accomplished.

The visitor, however, does not have to be around for very long to realise that something else has gone badly wrong. In the past six months or so there has been a distinct lowering of sights. No one talks any more of reducing the IRA to a hard, but manageable core. No one talks of light at the end of the tunnel or of the further reduction of British troops this year, next year, or perhaps even ever. If the level of violence is now acceptable, hardly anyone thinks that it will become any lower. It might well increase and it might well spread, not only to the British mainland but also to continental Europe.

What has happened is that the Provisional IRA has won the respect of its enemies, army and police alike. There has been a reorganisation. It is smaller, but tougher. There is even talk of potential recruits being refused admission on the grounds that they would be insufficiently reliable. It is well-financed and there is no

shortage of weapons. Its methods have become more sophisticated. Such ambushes as still take place in Belfast are no longer hit and run affairs, but carefully planned campaigns, with the army and police sometimes caught off guard. It is said that only chance has prevented a number of large scale killings in the past few weeks. The IRA's international contacts have also been stepped up. Those Provisionals who have gone off to the Basque organisation, ETA, have not done so out of bravado or for the publicity value as used to happen in the old contacts with the Palestine Liberation Organisation. They have gone in order to learn how to attack policemen and other high value targets even more effectively.

Not least, there is believed to have been an increase of the number of "sleepers." Sleepers are people who lie low for long periods of time and who can be called on to act when necessary. They are said to have been spreading not only in England but also on the continent, with Holland and Belgium receiving the most attention.

Last all that should sound unduly dramatic, it should be added that it comes not from the Provos themselves, but from senior army and police officers in Ulster. If anything, it is an understatement. These sources appear to have no great resentment of their present role; they have merely reached a new assessment of the situation. It is that the IRA can be at best contained, and that even that can only be done if the security forces prepare for a long, long haul and that, even then, the relatively low level of violence in the past year or so will probably turn out to have been exceptional.

There is, it is true, some feeling among the police that too

much of their time has to be spent investigating themselves in order to ensure that there are no interrogations of detainees of the kind that attract unfavourable publicity. There is a certain amount of nervousness, too, about the IRA campaign to draw worldwide attention to the prisoners in the H Block at Long Kesh who are demanding political status. In the background there is continued resignation about the difficulties of getting convictions in the courts. (There was a particular case last summer where the police, the army and

consequences are already occurring, both in Ulster and in the Republic of Ireland. Mr. Mason will say that in the North there is still no groundswell against direct rule, from Westminister, and that is one of the reasons why the Ulster Protestants are refusing to accept his proposals for some form of devolved government. That view is undoubtedly correct, but it stops short of a full analysis. One of the consequences of the present impasse is the decline of the SDLP, the party which—very broadly—represents the northern Catholics.

else does one explain, for instance, the bill now before Parliament and about to become law increasing the number of Ulster seats at Westminster? On grounds of the size of the electorate per constituency, the case for such an increase is unassailable. Yet it is very peculiar that there is not going to be proportional representation. PR is already entrenched in Northern Ireland. It will be used for the elections to the European Parliament in Ulster this year. Hardly anyone even needs to argue that Ulster is

probably much more so, about the rise of the new professional and efficient IRA. But when it also perceives a British swing back to the Unionists, it foresees a veritable horror story ahead. Not only will the SDLP further decline. More northern Catholics may turn to the IRA as a last resort. The South will not be immune from IRA attacks and, what is worse, a British Government may decide at some time that enough is enough and withdraw the troops, leaving chaos behind.

It is for this reason that a new attempt is about to be made to bring the Irish question back into the forefront of British politics. Mr. Jack Lynch, Prime Minister of the Republic, is merely biding his time until the British general election. Some advance notice will probably be given when Mr. Michael Kennedy, the Foreign Minister, sees Mr. Mason in the next week or so. But the running appears to be being made by Mr. Lynch and the message is clear. It is that the situation in the North is getting worse and that something must be done soon if it is not to engulf us all.

It is sometimes said by the British that the Irish are very good at calling on Britain to act, but then dry up when asked for specific suggestions. Mr. Lynch may be more forthcoming. The idea of an All-Ireland Council is back in the air. So, too, is the thought of All-Ireland courts. There are also more mundane, though none the worse for that, proposals for increased North-South economic co-operation. Drainage and tourism are the most frequently cited examples.

There is again the possibility of a co-ordinated investment policy. At present the North and the South are simply bidding each other up in their

efforts to attract international corporations. The DeLorean car plant, for instance, finally went to the North on terms so generous that they were not even asked for in the earlier negotiations with the Republic.

Those are just the bare outlines. What Mr. Lynch wants most, however, is a public British commitment to Irish unity as an ultimate aim. Meanwhile the troops not only can, but should, stay. The end solution may not be in sight, and it may not even be possible to envisage what it should be. But there should at least be an acknowledgement of the need for frequent and continuing consultation between London and Dublin. There should be a declaration of intent to end the stalemate. Mr. Lynch, for example, should not have to ask for the privilege of special information from the North in order to answer a question in the Dail, as he did in the case of an H Block prisoner this week. British policy should be automatically explained in advance.

ing with the British. It is not only that later this year Mr. Lynch will play host to President Valery Giscard d'Estaing and Herr Helmut Schmidt, the German Chancellor, and the other Community Heads of Government at the European Council. There is also the proposed European Monetary System and Dublin's readiness to break with sterling. Ireland must be the only country in Europe where the EMS debate was followed by the man in the street. Irish participation was seen as a sign of maturity, the more especially as Ireland elected to join and Britain did not.

The hope is that sooner or later all this will be appreciated in the North and that even the Unionists will realise that it is the South which has the prosperity. There are some signs that in agriculture this is already happening. It is noted with interest, for instance, that the Rev. Ian Paisley has been in Brussels protesting about the workings of the Common Agricultural Policy.

For the most part, however, overtaking the North's standard of living and reaping the expected political benefits are still for the future. At the moment what matters is the situation on the ground in Ulster, and that is not good. According to the Irish Government, it could still imperil all that the Republic has achieved so far. That is why Mr. Lynch is impatient for a British general election. The Irish do not appear to mind very much who wins, but they want a Government in London that they can attempt to talk to. Whether it is Labour or Tory, Mr. Lynch will be an early caller.

Malcolm Rutherford

Mr. Lynch, the Irish Prime Minister, believes that the situation in the North is getting worse.

The Northern Ireland Office apparently believed that if certain charges were upheld, the IRA would receive a severe, if still temporary, setback. The man was acquitted by the Lord Chief Justice.

By and large, however, neither the police nor the army are seeking more men, more equipment or even permission to cut corners. The old task of transferring more tasks from the army to the Royal Ulster Constabulary—otherwise known as "Ulsterisation"—has died, and in general the situation is accepted as it is. The security forces think they can just about contain it, provided that the will to let them do so does not expire.

Yet, however much Britain may try to forget such a state of affairs cannot go on without political consequences. These

It has ceased to have any very obvious reason for its existence and its visible presence has much diminished. Mr. Mason is exceedingly irritated by this development. He believes that he is trying to help the Catholics, but that the Catholic party will not accept anything that is offered, however reasonable.

The consequence which follows from that is that the British Government—and Mr. Mason in particular—appear to be turning more and more towards doing business with the Unionists, who are after all the majority. One has to distinguish here between what is actually happening and what some people perceive to be happening. But, nevertheless, there is a fairly widespread impression that the Unionists are now being favoured. How

a special case because everybody knows that it is: there is no reason to assume that the establishment of PR there means that it will necessarily spread to the British mainland.

Yet PR is not being given. The result is that in the next Parliament but one, almost however the boundaries are drawn, there will be a disproportionate increase of the number of Unionist MPs. Quite apart from the effects that that could have on a Parliament that is hung, one only has to think of the reaction of the South to the reactions of Irish Catholics. It is one more sign that the British Government is pro-Unionist.

In the North the feeling of resentment is perhaps something sullen. In the Republic it is much more articulate. The Irish Government is as concerned as anyone else, and

European card

In the long term the Irish Government's best card is probably Europe, as it is increasingly becoming aware. You can see this on a purely material level. To arrive in Dublin nowadays from Belfast is to enter a different world. It is rather like arriving in (say) Duesseldorf 20 years ago from London. One is immediately struck by the growing affluence. The comparison stands not only with the North, but also with large parts of Britain. Above all, it stands with the Dublin of a few years before. Affluence has brought political confidence. There is no longer that sense of inferiority in deal-

Letters to the Editor

The way forward

From the Deputy Director, National Institute of Economic and Social Research.

Sir—I think the following conclusions can be drawn from our present discontents. Current UK inflation is clearly a wage-driven inflation. Money supply targets and cash limits in the public sector don't help much. The idea that, because a low money supply target has been stated, trade unions would not make excessive claims and employers would not make excessive awards, is clearly wrong. Cash limits are not effective in forcing public sector unions to accept figures much below the going rate.

In the very long run, money supply targets might force the Government to do what the economy that trade union power was broken—perhaps at 15 per cent unemployment? Even this is doubtful. Note that in recent strikes it is the workers in high unemployment areas (Merseyside, Northern Ireland) who have been the most reluctant to settle.

Banning secondary picketing would not help much either. There are plenty of trade unions which can exert massive power without using this weapon. Any analysis of inflation which does not include the concept of a "going rate"—established early in the wage round, and depending partly on the chance results of early negotiations—is defective. Present wage pressures do not spring from narrowed differentials during the incomes policy period. Groups which have set the new going rate are not for the most part groups whose differentials have narrowed since 1975.

The idea that the long-term solution is small unions competing against each other is whimsical. Such a system, even if obtainable, would make our wage-driven inflation worse. The groups which have set the new high figures for this wage round are de facto small unions—autonomous subsidiaries of the Transport and General Workers' Union and General Workers' Union.

The way forward is the one set out in "The Better Way," the discussion document produced by the moderate group of 12 members of the TUC general council. The fact that 12 trade union leaders could subscribe to this document is about the only encouraging thing around at the moment.

Frank Blackaby, 2 Dean Trench Street, Smith Square SW1.

The roots of disorder

From Sir David Llewellyn.

Sir—Two alibis for our present discontents are being offered by the Government. It is said that the fact that the House of Commons removed the Government's power to impose sanctions on employers who exceeded 3% wages "target." Are we seriously being asked to believe that if this sanction had remained, the TGWU would have accepted the Government's 3 per cent or anything like it?

And if the loss of this sanction—of which many trade union leaders and Labour MPs are strongly disapproved—really is the responsible, why is it that the

Government has now refused to apply its own sanction of disallowing increases in road haulage charges?

It is said that the unions' rejection of the Government's "5 per cent" is due to the Conservatives' call for a return to free collective bargaining. Since the call was for a return to free and responsible bargaining and not to a free for all—the excuse is threadbare.

But what if it were true? Do Labour leaders really believe that such is Tory influence with union leaders and their rank and file that they now take their lead from Mrs. Thatcher and not Mr. Callaghan? If so, there can seldom have been such an abject confession of impotence.

The truth is that these alibis are specious. The real root of disorder lies elsewhere. For decades since the end of the war, a "them and us" attitude in industry, and a contempt for all authority except their own. Now Britain is reaping the whirlwind.

There is only one way out of the problems of too little money being earned, to meet many demands which in themselves are just. That way is through the creation of new wealth. Without it the scandalous poverty and gross disadvantage which stand between us and Disraeli's vision of One Nation will never be removed. Sir David Llewellyn, Yattendon, Nr. Newbury, Berkshire.

Who do you miss the most?

From Mrs. N. Ings. Sir—Regarding your leading article of January 30, it is not a condemnation of the attitude of society that your advocacy of "a decent level of wages, indexed for the future to some appropriate measure of private wages" has had to wait until the essential workers referred to became so bitter and frustrated that they resorted to strike action of an unprecedented severity?

The fact that most of your correspondents are getting so hot under the collar is a clear indication of the importance of these workers—so why has their pay not been commensurate? If all the bankers, financiers, stockbrokers, etc. dropped dead tomorrow we wouldn't experience anything like the inconvenience and misery caused when vital public service workers down tools. It makes you think—or does it? (Mrs.) N. Ings, 324, Buzton Road, Furness Vale, Via Stockport, Cheshire.

Trade in textiles

From the Chief Executive, International Linen Promotion.

Sir—Commendable as the clothing industry Economic Development Committee report is (January 30), I do not feel that sufficient emphasis has been put on one of the industry's most valuable assets—the manufacture of high-quality merchandise. This should be one of the EDC's top priorities for action.

The UK clothing industry can no longer effectively compete with developing countries, as with developing countries, as highlighted by Mr. Mundelbaum's letter of February 1. These third-world countries will

always be able to make clothing more cheaply because of low wage levels, cheaper raw materials, and highly subsidised investments. We must face up to the fact—we cannot compete on cost because we have a more highly developed, high-wage economy.

We can however compete on quality. We have some of the finest designers in the world today, as well as sophisticated fabric designs and engineering. In certain areas we have unrivalled expertise, either because of raw materials—think of Irish linen and Harris tweed—or because we have acquired the necessary specialised skills, as in the manufacture of cashmere garments.

We cannot rely entirely on protectionism, we must use our skills, our resources to manufacture high-quality garments. Surely, this is one of the best ways to strengthen our competitive position? Robert Franck, 31 Great Queen Street, WC2

Spending on gas

From Mr. C. Carter.

Sir—The article (January 29) by Pauline Clark of your labour staff about the situation of a local authority manual worker seemed to show him to have considerable difficulty in making ends meet—until I read that during the winter he spends £11.50 a week on gas. How can he manage to do that in a council flat? I have a medium-sized (three-bedroom) modern detached house and I use gas for cooking, water heating and space heating—including the heating of a small greenhouse, and my average bill for the winter quarter's gas over the last three years (during which there has been no change in the price of gas) has been £80, or about £4.50 a week.

C. J. Carter, 7, Turnac's Wood Drive, London Road, Chalfont St. Giles, Bucks.

Lloyd's old building

From Mr. T. Langton.

Sir—Mr. Marcus Binney (January 28) considers only one aspect of the problem facing Lloyd's in its urgent quest for space to maintain its position as one of the leading producers of much needed foreign currency for this country. If the aesthetic consideration could be said to be more important than the trade of the expansion of the market, no doubt Mr. Binney's view would be acceptable.

With hindsight one can say that the mistake of the committee responsible for both the 1928 and the 1958 buildings was in not allowing for the expansion which has since taken place. Those of us who worked in the underwriting room in the 1928 building when its capacity was becoming quite inadequate can bear witness to the inefficiency caused by overcrowding and discomfort. And those of us who have had some responsibility in recent years to try to squeeze the still growing market into inadequate and inflexible space can bear witness to the impossibility of so doing. The final sentence of Mr. Binney's letter implies that the committee has given no consideration to the refurbishment

of the old building. The contrary is true. Exhaustive examination was given to such a possibility, and it was proved conclusively that the old building did not lend itself to refurbishment which would provide the working conditions required today, and the expansion likely to be required in the future, was the decision reluctantly taken to recommend the destruction of what some consider to be a "major work."

It is not difficult to imagine the satisfaction with which Lloyd's competitors in the U.S. throughout the world would greet an announcement that "Lloyd's rejects opportunity of expansion of its international business." Mr. Binney might acknowledge the efforts made by the committee, albeit unsuccessful, to preserve the aesthetic attributes of the 1928 building. And he might at the same time, if he can, produce some constructive and helpful suggestions to solve the problem of combining such preservation with forward looking concepts of the present and future needs of the market. T. B. Langton, Leslie Langton and Sons, Lloyd's, Lime Street, EC3.

Accountants in industry

From the Managing Director, Lomir International Ltd.

Sir—If lawyers make better top industrial managers than engineers (Mr. Baillie, January 23), let us have more of them. It is however the British experience of accountant-dominated industry is a guide, I fear that men who have no first-hand experience of design, manufacturing or marketing will make very poor competitors for the foreign manufacturer who has powerful practical men close to actually on the throne. Where the engineers are strong in a given company the results are evident.

The risk-taking necessary to develop a company can hardly be left in the hands of men whose role is to minimise risks. Accountants and lawyers should provide no more than an advisory service to management. Their training and experience is insufficient for them to lead in the complex and technical world of industry. M. Littlewood, Whitechurch, Ross-on-Wye, Herefordshire.

Fine counties—all lost

From Mr. R. Pearce.

Sir—Well may you head your leader (January 26) on local government reorganisation "A change for the worse." I would like to draw attention not to the economic aspects of the change, although they were bad enough, but the effect it is having on England and Wales as a whole. Fine counties, such as Pembrokeshire, Rutland and Westmorland, have been lost. Yorkshire has been carved up from the three Ridings which we all knew and loved into new counties which have yet to be loved by anyone. Your recent supplement on Merseyside highlighted the amalgamation of Southport and Bootle, a most unlikely pairing, and new areas have been created which no one seems to know. At a recent meeting of fairly senior managers, I asked my colleagues the whereabouts of

Kirkcaldy, Woodspring, Thamesdown, Tameside, Waverley and Sandwell and apart from the last named one, which was in our area, nobody knew where the new places were.

I don't know whether the issue was ever put to the country as to whether we wanted these changes or not and, presumably, the same will happen with metrication and new road signs. Does nobody now in authority want to find out the wishes of the people and have what we want and could we not go back to Stephen King-Hall's definition of Democracy, recently quoted from a wartime Children's Hour by the BBC "that the Government is elected by the people to carry out the wishes of the people." R. J. Pearce, 5, Marlborough Road, Castle Bromwich, Birmingham.

Bulgaria and Russia

From the Press Attaché, the Bulgarian Embassy.

Sir—The distorted view of the relations between Bulgaria and the Soviet Union, as presented in the article "Brezhnev's Bulgarian apprentice worries the neighbours" (January 19) does not do credit to a reputable paper such as the Financial Times.

I will not comment on the article's headline except to say that it was borrowed from the terminology of the "cold war" period and that such terminology is inexplicable today. The nature of the close relations existing between Bulgaria and the Soviet Union has never given any ground for such a portrayal. One cannot comprehend your correspondent's zeal in trying to prove that Mr. Brezhnev's discussions in Sofia were directed against a third party. If one had been an unbiased reader of the official communications of the meetings between the two leaders and of their speeches one would have understood that the objectives of Mr. Brezhnev's visit were to strengthen the friendship and co-operation between Bulgaria and the Soviet Union.

It is unnatural that the leaders of two friendly nations should meet and discuss issues of mutual interest? Does this have to be represented as something extraordinarily suspicious?

The close relations between Bulgaria and the Soviet Union have proven to be beneficial to both countries and, contrary to Mr. Lendvai's claims, they have always been directed towards strengthening peace and security in the world. If one follows the foreign policy of Bulgaria during the past 30 years one can hardly fail to notice the contribution it has given to the development of the friendly relations between the Balkan countries. This fact has been widely acknowledged by Bulgaria's neighbours as well as by many other countries. To follow Mr. Lendvai's attitude would be to sow suspicion and distrust between nations and that contradicts the established trends in relations between the countries of Europe. I do not think that this is the objective of a reputable newspaper. Ph. Bokov, Embassy of the People's Republic of Bulgaria, 186-188 Queen's Gate, SW7

GENERAL UK—Prime Minister starts two-day visit to Teesside and Tyneside, beginning with the Thornaby plant of the Armstrong Cork Company. Sir Kenneth Cork, Lord Mayor of London, receives executive committee of the Institute of Credit Management and a party from the New York branch of the American ICM. Overseas—Mr. Deng Xiaoping, Chinese Vice Premier, arrives in Houston, Texas. Mr. Chamanand Kriangsak, Prime Minister of Thailand, starts three days of talks in London, en route to Washington. South African parliamentary session opens—traditional opposition vote of no confidence. Mr. Harold Williams, U.S. Securities and Exchange Commission chairman, addresses New York security analysts. Third Indian Trade Fair opens in New Delhi (until February 16). OFFICIAL STATISTICS Treasury publishes UK official reserves. Capital issues and redemptions during January published by Bank of England. PARLIAMENTARY BUSINESS Members' Bills.



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Companies and Markets

UK COMPANY NEWS

THE surges 46% to £55m and going well this year

WITH A jump from £27.6m to £43.3m in the second half pre-tax profits of Trust Houses Forte surged 46 per cent to a record £55.5m for the year ended October 31, 1978, compared with £38m previously. Turnover rose 16 per cent to £13.5m.

Sir Charles Forte, executive chairman, says results for the first three months of the current year are well up on last year. The group is well on budget and quite considerably above last year's profits and turnover, he adds.

On current budgets, the group is once again expecting its U.S. operations to show the biggest growth this year.

While the group is still very much on the lookout for expansion it sees there are no shortage of possible bidders for top hotels within its own empire. Sir Charles says that two months ago he received an offer of £30m for the group's Grosvenor House Hotel in London's Park Lane from a Lebanese group.

The bid received a cool reception from Sir Charles, who states "we are on the lookout to buy hotels not to sell them."

Stated 1977-78 earnings increased 7p to 31.4p per 25p share, while a net final dividend of 7.75p lifts the total payment from £209.4p to £217.15p, covered three times (same). A scrip issue of one ordinary or trust share for every share held is also proposed.

The group has pursued its policy of revaluing properties on a cyclical basis over a period of not more than seven years, as a result of which capital reserves were up £83m at the year-end.

Shareholders' funds totalled £294m (£193m), compared with a loan capital figure of £203m (£213m). Loan capital ratio to shareholders' investment was 0.7:1 (1:1.1).

Net liquid funds at balance date increased from £44m to £50m for the year, employed stood at £508m (£410m). See Lex

At the forthcoming AGM, the group will submit a resolution to change its name to Trusthouse Forte, but will be retaining the THF symbol.

In the UK, the group is still thinking in terms of a major expansion of its post houses chain, which currently totals some 30 hotels. Subject to getting planning permission, Sir Charles is seeking to build this operation up to 100 outlets.

Although U.S. operations represented the biggest percentage increase in profit terms last year, the addition of the Lyons hotels gave an extra boost to group figures.

"These have made a very good contribution to the company's results, and it has proved a very good acquisition," he adds.

In total these interests added some £10m to profits, compared with £5m for the previous year.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date, Current payment, Total last year, Total for year. Includes A.C.E. Machinery, Garford-Lilley, IOM Steam Packet, etc.

Wholesale Fittings advances £0.2m.

WITH ALL divisions continuing to operate profitably, taxable profits of Wholesale Fittings Company rose £200,000 to £947,000 for the six months to October 27, 1978, on turnover up £1.4m to £9.12m.

Mr. D. S. Rose, the chairman, reports that turnover for the first two months of the second half shows an increase compared with the previous year's corresponding period.

However, he says it would be unwise to forecast the level of profit for the full year.

In the 1977-78 year, pre-tax profits were a record £1.76m. Tax for the six months takes £440,000 (£336,000) giving net profits ahead from £311,000 to £407,000.

From stated half-year earnings of 11.6p (8.9p) per 20p share, the interim dividend is raised from 2.02p to 2.23p net, costing £77,834 (£70,840)—last year's final was 3.85p.

The company, which operates as a wholesale electrical distributor, has just opened a new depot in Harlow, Essex, making a total of 16 outlets.

comment A 7p fall to 24.5p in Wholesale Fittings yesterday owes far more to the inevitable reaction to a strong market performance over the past week than to any intrinsic disappointment with a 30 per cent interim pre-tax profit improvement. The sales fell 15 per cent on indicators sound margin stability and a volume increase which must be at or near the double figure mark.

Short term forecasting must naturally be clouded by the current state of industrial disruption eastward the predominantly south coast base offers medium term scope for geographical expansion while the industrial sales emphasis of its electrical components accounting for perhaps 95 per cent of turnover—offers valuable protection from the vagaries of the consumer cycle. Even allowing for some second half slowdown, the group should be capable of around £2.2m pre-tax this year for a prospective p/e of 8. Given that Best and May looks to be coming out on a prospective p/e of 11, the Wholesale Fittings price looks firmly secured even if allowance of, say, two points is given as a bid premium. A historic yield of only 3.6 per cent may weaken the case but recent growth comparisons certainly favour Wholesale Fittings.

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Marley set to maintain heavy capital spending

CAPITAL SPENDING by Marley over the next three years is forecast to exceed the £17m annual rate seen in 1977-78. New investment opportunities, particularly in Europe and North and South America, are being actively sought and in the not too distant future the company is likely to be employing more capital abroad than in the UK.

Reporting this, Mr. O. A. Aisher, the chairman, says that the group's policy of maintaining high investment levels during periods of recession must take much of the credit for its solid asset base from which profit growth can be accelerated.

In the UK the directors remain confident about the domestic markets for the company's products and they will continue to expand factory capacities while adding considerably more space to selling outlets, he says.

Also there are now signs that economies in some parts of the world are beginning to recover and the directors are encouraged by the growth potential of those overseas countries where Marley is already established.

Aisher explains that the group has large investments in Ireland, France, South Africa, Canada and Brazil and to a lesser degree in Germany,

Austria and Switzerland. Early reports from most of these countries indicate that we may expect further profit improvement in the current year," he adds.

Of the £187m trading profit advance to £20.78m last year £0.93m was generated outside the UK. Total sales of £20.93m (£218.67m) and trading surplus was split, with £0.05m omitted, as to UK £162.583 (£133,538) and £4.516 (£12,532). Western Europe £50,420 (£42,490) and £14.851 (£15,814) and £1,259 (£1,460); Canada £19,638 (£22,591) and £806 (£881); and Australia and New Zealand £3,438 (£4,234) and £13 (£10.514).

Taxable profit for the year to October 31, 1978, climbed to £18.82m (£15.36m)—as reported December 15. On a current cost basis, according to the Hyde Guidelines, the surplus is cut to £15.1m (£11.21m) by £2.34m (£3.33m) additional cost of material and £1.15m (£0.82m) extra depreciation which are shown after a gearing reduction of £20 per cent (21 per cent).

The net dividend is raised to 2.7808p against 2.49043p.

The improvement in the UK was achieved despite lack of any recovery in construction activity.

At year end borrowings amounted to £31.6m (£31m) and the debt/equity ratio was 23 per cent. Currently the group has £10m on unused terms loans available to it from its bankers.

Meeting, Sevenoaks, Kent, on March 7, at noon.

The most promising growth area for the group continues to be the market concerned with home renovation and improvements where much demand remains to be satisfied. Stores and depots and building centres are steadily yielding better profits and more and larger units are being opened, Mr. Aisher points out.

The group's move away from dependence on new housing starts is indicated by a breakdown of UK sales over the 10 years from 1968. This shows the percentage related to new housing down from 38 per cent to 29 per cent while home improvements accounted for 41 per cent in 1978, compared with 27 per cent 10 years earlier.

The chairman says that housing starts have decreased again but profits from the company's concrete roof tile operation have risen. With pitched roofs again being preferred to flat roofs on schools, offices, churches, hospitals and hotels, the directors are optimistic about future demand for these tiles.

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Lonsdale Universal turns in £373,000 rise and optimistic

WITH SECOND HALF profit an increase from £680,000 to £871,000, Lonsdale Universal has lifted its total for the year to September 30, 1978 by £373,000 to £1.62m.

Mr. Alan Edwards, the managing director, says the group's concentration on its main trading areas—stationery, printing and bookbinding—was producing satisfactory results. The current year may be more difficult but "we have quite a lot going for us."

1978 1977
Turnover 30,084 29,670
Printing 13,728 12,045
Bookbinding 4,351 2,528
Retailing 3,958 3,768
Profit 1,217 1,557
Office, stationery 1,208 1,097
Retailing 227 142
Printing 30 26
Bookbinding 168 88
Net profit 1,518 1,246
UK tax 362 267
Overseas tax 11 74
1,245 964
Preference dividends 739 46
Ordinary dividends 52 32
Unappropriated 719 634
Loss, after depreciation 370,045 (£250,000) interest paid 582,000 (£555,000), etc. Credits.

The final dividend is 3.5029p to make a net total of 5.1729p, compared with 4.6324p. Also announced is a one-for-four scrip issue. Earnings per 25p share are shown at 17.25p, against 13.5p.

The group's primary activities in office supplies and printing both showed healthy increases in turnover and profit. In book-selling profits rose by 50 per cent even though seasonal factors resulted in only a small profit from the new Australian company acquired last July.

Retailing turned in a small profit, reversing last year's losses. Following the closure of unprofitable stores, although store closure costs formed the larger part of extraordinary items of £139,000.

For the whole of last year the company turned in taxable profits of £373,000 on £5.13m turnover.

The Board adds that the pulp market has further strengthened, increasing the price of woodpulp. But there has not been a similar strengthening of demand for its

own products, and this has put pressure on profit margins.

The interim dividend is raised from 0.5p net per 25p share to 0.55p. Last year's total was 2.75p. Tax for the half-year is up from £84,000 to £98,500.

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Newmark ahead but disputes having their effect

PRE-TAX PROFITS of Louis Newmark, electronic and precision engineer and watch distributor, rose from £916,000 to £988,000 in the half year to September 30, 1978. Turnover increased from £10.98m to £12.55m.

The directors say that, in the current half, the company has suffered as a result of industrial disputes both internal and at some of the major customers which caused temporary disruption at several of the company's factories.

This, coupled with the effects of the dislocation of transport and of wage settlements, will cause a drop in profit for the year, they add. Last year the group made £2.1m.

Despite these national problems, the Board is confident that the company's steady progress will be resumed.

After tax of £511,000 (£476,000), earnings per 25p share are stated higher at 15.24p (14.33p). The net interim dividend is stepped up from 2.5p to 3p—last year's total payment was 6.7214p.

Retained profit for the six month period is £368,000 against £351,000.

comment Louis Newmark's first-half pre-tax figure has edged ahead of last year but with the second half destined to bear the full brunt of industrial disputes stretching from the Ford strike in October to the lorry drivers' stoppage it is unlikely to reach the £2.1m recorded for the whole of 1977-78. The extent of the shortfall is difficult to determine, but it is likely to be significant.

The mechanical engineering activities, whose products are linked to the machine tool, textile, automotive and combustion engine industries had a good first half but margins appear to have suffered slightly. On the jewellery side, the company distributes on a sale or return basis and though it is still waiting for an indication of the level of returns, preliminary evidence suggests retailers enjoyed a buoyant Christmas/winter sales period. The share price dropped 10p to 21.5p yesterday, giving a yield of 5.2 per cent assuming a 10 per cent annual increase.

comment The company, which operates as a wholesale electrical distributor, has just opened a new depot in Harlow, Essex, making a total of 16 outlets.

comment A 7p fall to 24.5p in Wholesale Fittings yesterday owes far more to the inevitable reaction to a strong market performance over the past week than to any intrinsic disappointment with a 30 per cent interim pre-tax profit improvement. The sales fell 15 per cent on indicators sound margin stability and a volume increase which must be at or near the double figure mark.

Short term forecasting must naturally be clouded by the current state of industrial disruption eastward the predominantly south coast base offers medium term scope for geographical expansion while the industrial sales emphasis of its electrical components accounting for perhaps 95 per cent of turnover—offers valuable protection from the vagaries of the consumer cycle. Even allowing for some second half slowdown, the group should be capable of around £2.2m pre-tax this year for a prospective p/e of 8. Given that Best and May looks to be coming out on a prospective p/e of 11, the Wholesale Fittings price looks firmly secured even if allowance of, say, two points is given as a bid premium. A historic yield of only 3.6 per cent may weaken the case but recent growth comparisons certainly favour Wholesale Fittings.

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Hambro Trust unchanged at midway

In the half year to December 31, 1978, the amount available for the ordinary shares of Hambro Trust at £120,000 is the same as for the corresponding period last year.

The interim dividend is again 0.85p—last year's total was 2.02p. The company's principal asset comprises shares in Hambros.

Receipts for the half year were almost identical with those of the corresponding period last year as the increase in dividends from Hambros compensated for a decrease in other income which was exceptionally high in the comparable period last year because of the incidence of dividends from other investments.

comment The company, which operates as a wholesale electrical distributor, has just opened a new depot in Harlow, Essex, making a total of 16 outlets.

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UK COMPANY NEWS

Companies and Markets

BIDS AND DEALS

LMI offering £8.4m for Caledonian Holdings

BY ARNOLD KRANSORFF

CALEDONIAN HOLDINGS, the group of industrial companies sold off last month by Stenhouse Holdings, is considering two bid approaches—just 24 hours after dealings in its shares began.

Stenhouse's industrial interests. However, he had been unaware that Caledonian was being hived off until the public announcement on January 20.

Arrangements have been made for Morgan Grenfell to underwrite the issue of new ordinary shares of LMI in order to provide a cash alternative of 80p per Caledonian share.

Another Canadian disposal brings in £11.3m for Reed

A further £11.3m has been raised by Reed International through the sale of another large slice of its Canadian businesses.

Reed has raised more than £100m in the past ten months through disposal of overseas interests—in Canada, South Africa and Australia.

Reed has said that it is negotiating with a number of Canadian groups for the sale of its Canadian interests.

ROBERT H. LOWE & COMPANY LIMITED

Knitted Garment Manufacturers The Annual General Meeting of Robert H. Lowe & Company Limited, will be held on the 23rd February, 1979, at Conelston, Cheshire.

Eagle Star makes offer proposals to EPC

Eagle Star Insurance is set to counter the £40m bid for English Property Corporation made by NV Beleggingsmaatschappij Wereldhave.

Further 2p yesterday to close at 44½p. Eagle Star advanced by a like amount to 132p.

Tannergate changes hands

A controversial £15m portfolio of flats, shops and offices, sold by Legal and General Assurance in 1977 to a consortium headed by the Bernard Sunley Investment Trust seems to have changed hands again.

Further sales have taken place since that date but Rosehaugh now says that Bovis has bought the whole of Tannergate at a price which gives Rosehaugh £1.74m in cash for his fifth share.

Brockhouse off to good start

THE FIRST QUARTER of the current year had started well at Brockhouse, Mr. R. J. H. Patrick, chairman and managing director, said at the annual meeting yesterday.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are in mind and the sub-divisions shown below are based mainly on last year's timetable.

Downturn at A.C.E. Machinery

PRE-TAX PROFITS of A.C.E. Machinery (Holdings), construction equipment manufacturer, slipped from £221,000 to £299,000 in the year to September 30, 1978, on turnover up from £3.12m to £3.51m.

Garford-Lilley shows progress midway

REPORTING AN increase in pre-tax profits from £174,704 to £193,225 in the half-year to September 30, 1978, the directors of Garford-Lilley Industries say the results show continued steady progress, and they hope this trend can be maintained.

divisions are engaged not only in current business, but in developing new products and new markets.

Single Holdings looks to development benefits

THE BENEFITS of Single Holdings' long-term development programme will start to appear in 1979-80, says Mr. D. M. Slocock, chairman, in his annual report.

from £2.01m to £3.64m with stocks at £1.92m (£2,500,000) and liabilities at £22,000.

Amaz earns a record \$160m in 1978

BY KENNETH MARSTON, MINING EDITOR

RECORD earnings for 1978 from sales of \$1.75bn (\$877m) are reported by America's natural resource giant, Amaz.

After what may be described as a cautious dividend policy, Amaz raised its quarterly distribution rate to 55 cents from 43¢ cents in October last year.

lead revenue fell because of the 70-day strike at the Missouri operations while zinc earnings were hit by lower metal prices.

Following a buoyant fourth-quarter when net earnings advanced to \$60.5m (\$30.5m), the total unaudited net earnings of Amaz for 1978 have advanced by 34 per cent to a best-ever \$160m, or \$4.14 per share, from \$119m in 1977, the latter figure being before a net charge of \$60m which reflected a gain from the sale of the company's Canadian potash interests offset by a writing-down of the holdings in Botswana BST and Roan Consolidated Mines.

The advance in 1978 earnings has stemmed from better profits on molybdenum and copper as a result of higher profit margins and increased sales; the contribution from coal was similarly increased despite the United Mine Workers' strike in the first quarter; higher shipments lifted earnings from iron, oil and gas; and the consolidation of Canada Tungsten earnings also made its contribution.

Australia will allow uranium contract deals

PLANS to develop Australia's big uranium deposits moved a stage further towards fruition yesterday.

The Federal Government announced that companies which had received its approval to develop uranium deposits would now be allowed to negotiate sales contracts with prospective buyers, in line with the Government's uranium export policy.

A setback at Bellambi

A SHARP setback in earnings is reported by the Consolidated Gold Fields group's Bellambi coal operation in Australia's New South Wales.

So far, safeguards agreements have been signed with Finland and the Philippines and initialled with the United States. Britain has signed, but the agreement is being held up until Australia reaches an overall agreement with the European nuclear agency, Euratom.

FOOD PRICE MOVEMENTS

Table with columns: February 1, Week ago, Month ago. Rows include BACON, BUTTER, CHEESE, EGGS, BEEF, LAMB, PORK, POULTRY.

CLIVE INVESTMENTS LIMITED

Table with columns: Index Exchange Ave., London EC3V 3LU. Tel: 01-283 1101. Index Guide as at January 23, 1979 (Base 100 on 1.1.77).

STEINBERG GROUP LIMITED

Interim Report 27 weeks to September 30, 1978. Table with columns: 27 weeks, 26 weeks, 25 weeks.

BANK RETURN

Table with columns: Wednesday January 31, 1979, Increase (+) or Decrease (-) for week.

ISSUE DEPARTMENT

Table with columns: LIABILITIES, ASSETS.

LISTEN AND LEARN. THE FINANCIAL TIMES INDEX & BUSINESS NEWS SUMMARY. Look for the number in your phone book. Post Office Telecommunications.

JOHNSON MATTHEY SETS MEYERCORD

Johnson Matthey's offer of \$43.4 cash to acquire the Meyercord Company has been accepted by more than 90 per cent, and it has now become unconditional.

Located in the Chicago area, Meyercord is among the bigger American manufacturers of transfers for a wide spectrum of applications.

NO PROBE

The proposed merger of the process valve and control equipment operations of the General Electric Company and Monsanto Corporation is not being referred to the Monopolies and Mergers Commission.

Guaranteed growth bond from Scottish Equitable

The Scottish Equitable Life Assurance Society is launching its first ever guaranteed growth bond, yielding 9.3 per cent net over five years.

The investor has the option at the end of five years to leave the bond with the company. It will still continue to participate in profits by means of a special bonus, but its value is no longer guaranteed.

China launches new tin mine

CHINA is reported to have opened the first phase of a large tin mine in the southern part of the country and indicated that its national reserves of tin are might be far larger than previously estimated.

The first phase alone, according to the news agency, will produce one million tons of tin ore annually, from which 4,000 tons of tin, 20,000 tons of zinc, 5,000 tons of lead, 3,000 tons of antimony as well as sulphur and precious metals and rare earths will be extracted.

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

SEC draws up new takeover rules

By David Lascelles in New York
NEW TAKEOVER rules which favour the target company have been proposed by the Securities and Exchange Commission...

The SEC also proposes the introduction of a minimum period for tender offers: 30 business days, plus ten days if the terms are changed at all in the meantime...

Under the new rules, the target company would also have the option to circulate details of a tender offer to its shareholders itself, in order to protect their identity...

U.S. operations lift Social

By Stewart Fleming in New York
STANDARD OIL of California reports that its income for 1978 rose 10 per cent to \$1.1bn, or \$6.48 per share...

Foreign petroleum earnings fell 22 per cent to \$546m. Chemical earnings also suffered a fall, from \$29m to \$25m...

VW IN BRAZIL

A perfect outlet for excess capital

WITH THE acquisition by Volkswagen of two-thirds of the shares of Chrysler do Brasil, the weakest of Brazil's big car manufacturers came under the control of the strongest...

In 1978 the company suffered a 16.5 per cent drop in sales, its share of the market going down from 3.5 per cent in 1977 to a mere 1.6 per cent by October last year...

Scott Paper better than expected in fourth quarter

BY JOHN WYLES IN NEW YORK

SCOTT PAPER, the world's largest producer of toilet tissue and paper towels, looks set for an important breakthrough in its earnings pattern following a 330 per cent increase in fourth quarter earnings...

McGraw shares drop sharply

BY OUR NEW YORK CORRESPONDENT

THE SHARES of publishers McGraw-Hill opened for trading on the New York Stock Exchange yesterday for the first time since January 26, and in heavy trading fell sharply...

By mid-day some 375,000 of the company's shares had changed hands with the price falling 3 3/4 from the January 26 close to \$28 1/2...

Bethlehem Steel revamps top management structure

BY STEWART FLEMING IN NEW YORK

BETHELEHEM STEEL, the second largest U.S. steel producer, yesterday announced plans for a shake-up in its top management...

Mr. Lewis W. Foy, chairman and chief executive of Bethlehem which is emerging from heavy losses in 1977, disclosed that the company's executive office is to be reorganised to include the election of a president and executive vice-president...

Under the new organisation the three current vice-chairmen, Mr. C. William Ritterhoff, Mr. Richard M. Smith and Mr. Frederick W. West will be joined in the executive office by the new president, Mr. Richard P. Shubert...

RESULTS IN BRIEF

Wrigley produces record profit

NEW YORK — Wrigley, one of the world's leading producers of chewing gum, turned in a record result last year, with earnings of \$31.5m, or \$3 per share...

This compares with the 1977 figure of \$29.31m, equivalent to \$2.45 a share, and tops the previous earnings record of \$7.52 per share achieved in 1976...

One of the companies within the AT & T orbit, Pacific Telephone and Telegraph, suffered a drop in its 1978 earnings to \$311.05m—\$1.85 a share—from \$322.91m, or \$1.92...

No changes

In a statement to the Press last week Chrysler do Brasil's president, Donald W. Dancy said that no changes will be made in the company's existing production, and that VW's participation in the "association" was in the nature of a contribution of capital and technology...

At the moment, Chrysler produces large cars and petrol-driven lorries, which have also been adapted to carry Perkins diesel engines. However, both these lines are poor sellers in Brazil, and while Chrysler's lorries are adaptable to carry Perkins diesel engines, they do not inspire the same confidence with buyers as those designed and built as diesel lorries by firms such as Mercedes-Benz...

been underway, involving the closure of dated facilities but also the addition of new products. The company's 1977 fourth quarter net earnings of \$7.75m were depressed by write-downs on plant and equipment but, nevertheless, its 1978 final quarter proved far more profitable than expected. Net earnings were \$32.55m or 84 cents a share, on sales which had risen from \$399.9m to \$464.82m...

The directors could, in theory, be personally liable for the decision to reject the \$1bn bid. They have, however, taken a legal opinion supporting their position and it is pointed out that an action against directors for breaching fiduciary responsibility in a takeover situation has never succeeded in recent times, if ever.

Mr. L. Stanton Williams, the chairman, said that the latest fourth quarter earnings before the Puerto Rican charge exceeded those for any fourth quarter in the company's history.

Both final quarter and full year net earnings, said the company, were struck after a writedown of \$63.8m associated with a decline in the value of the Puerto Rican operation.

Clearance for Carrier merger

By Our New York Staff

THE LAST obstacle to United Technologies' full acquisition of Carrier Corporation has now been removed with a U.S. district court judge turning down a Justice Department bid to block any further progress in the merger.

However, the judge also issued a "hold separate order," which places limitations on the extent to which Carrier's business and management can be fully integrated into United Technologies.

But the Justice Department had also sought an order preventing United acquiring the balancing 53 per cent of Carrier's stock and from securing Board representation. The department wished to freeze the status quo until the conclusion of a full anti-trust suit it has launched against the merger.

AMERICAN QUARTERLIES

Table with columns: Company Name, 1978 Revenue, 1977 Revenue, 1978 Net Profit, 1977 Net Profit, 1978 Net per share, 1977 Net per share. Includes AVON PRODUCTS, DOMSTAR INCORPORATED, DU DONT OF CANADA, FIRST CHAPTER FINANCIAL, KAISER STEEL, PANHANDLE EASTERN PIPELINE, ST. PAUL COMPANIES, SCHERING-PLOUGH, SOUBIS CORPORATION, YELLOW FREIGHT SYSTEM.

Ominous sign

It remains to be seen how the car industry, and particularly its exports, will be viewed by the new government of General Joao Baptista Figueiredo, coming into office in mid-March. One ominous sign in the "reform" announced by the present government last week. An attempt to reduce or at least slow down Brazil's rapidly growing foreign debt, one of its measures is to reduce various tax incentives for exports, of which the car industry was one of the prime beneficiaries.

implemented in 1973, which created financial incentives for exporters. The sector which responded most readily was the car industry, and VW led the way. The company will achieve its export target of \$1bn before the time limit of 1983. Exports in 1978 totalled \$245.9m, some 66 per cent of the industry's total exports. Similarly, Ford's executive vice-president, Donald Peterson, announced recently that Ford Brasil will expand its production capacity by 24 per cent this year, mainly in answer to the Befex programme, under which it undertook to export to the value of \$1bn by 1982, but also in an attempt to win a greater share of the domestic market with the Corcel II.

Auditors qualify PPG results

By Our Financial Staff
A CLOUD has been cast over the dramatic return to profit at PPG Industries, the glass, chemicals and resins manufacturer, by the news that its independent auditors have qualified their opinion...

For the final quarter of 1978, PPG reported a net profit of \$600,000 compared with a loss of \$26.9m, with a per share equivalent of one cent this time.

Net earnings for the full year rose by 44 per cent to \$132.1m or \$2.93 to \$4.19. At \$2.79m, sales increased by 11.6 per cent.

Mr. L. Stanton Williams, the chairman, said that the latest fourth quarter earnings before the Puerto Rican charge exceeded those for any fourth quarter in the company's history.

MacMillan Bloedel ahead

By Robert Gibbins in Montreal

MACMILLAN-BLOEDEL, Canada's largest forest products company which owns nearly 20 per cent of Domtar, had operating net earnings of C\$100.5m (U.S.\$85m) for 1978, against C\$90.7m or C\$2.76 a share a year earlier...

Higher net for Imasco

IMASCO, tobacco and food products company controlled by BAT of the UK, earned C\$16.1m (U.S.\$13.5m) in the third quarter ended December 31, equal to C\$1.62 a share in 1978, against C\$1.5m or C\$1.50 a year earlier. Nine months' earnings were C\$49.1m or C\$4.23 a share, against C\$32.4m or C\$3.32. Tobacco products prices have been increased and this is expected to help recover cost increases.

EuroPartners achieves breakthrough on NYSE

BY JOHN EVANS

AN APPLICATION by EuroPartners Securities Corporation, the foreign-owned U.S. investment banking firm, for membership on the New York Stock Exchange has just been approved.

This marks the first time that the NYSE has allowed a U.S. securities firm owned by European banks to become a member of the big board.

EuroPartners, founded in New York in 1968, is active in securities brokerage, investment banking and investment management. Shareholders are Commerzbank, Credit Lyonnais, Banco di Roma, Bank Leu in Switzerland and Nordic Bank in London.

The firm is already a member of the National Association of Securities Dealers, and the Midwest and Philadelphia Stock Exchanges.

EUROBONDS

PepsiCo increased to \$100m.

BY OUR EUROMARKETS STAFF

AS THE Eurodollar bond secondary market wavered in uncertainty about interest rates, PepsiCo Capital Corporation decided to transform its \$50m private placement into a \$100m bond guaranteed by the U.S. parent.

The terms of this issue are to remain the same as those originally negotiated with the lead manager, UBS (Securities)—a 9 1/2 per cent coupon for five years, and a final issue price of par.

GTE Finance NV, the Netherlands Antilles subsidiary of General Telephone and Electronics, is arranging a \$50m bullet bond due 1984 with an offer for investment in a French pulp company.

become members of the NYSE, they turned to the regional exchanges, such as Philadelphia and Midwest, as well as the Boston and Pacific exchanges. In 1975, the U.S. Congress passed the Securities Reform Act which included the ruling that U.S. securities exchanges must accept as members any qualified U.S. broker or dealer firm, including companies owned and controlled by foreign organisations.

First Bancshares gain

FINANCIAL TIMES REPORTER

FIRST INTERNATIONAL Bancshares, the London-based merchant bank, reports that net income rose 12.5 per cent to £1.012m (\$500,000) in 1978. The company is a subsidiary of First International Bancshares of Dallas.

Pre-tax income as a percentage of year-end total assets increased to 1.62 per cent last year compared with 1.44 per cent in 1977.

Fee earnings on Eurocurrency syndicated loans increased by 7.6 per cent, despite intense competition, the bank said. Last year, the bank acted as a lead manager for 37 Eurocurrency loans totalling \$141m.

The secondary market was about one eighth off yesterday in very slow trading. There were no sellers around, but buying was very selective, as dealers and investors tried to determine which way U.S. interest rates and the dollar are really moving.

The coupon on the \$75m 15-year bond for New Brunswick Electric Power Corporation was cut by 1 per cent to 9 1/2 per cent. The Bank of Tokyo is to float a DM 50m seven-year bond for ward private placement with an indicated coupon of 5 1/2 per cent and a price of 99 1/2 through Deutsche Bank. The bond is callable at the borrower's request from 1984.

Postpankki Bank of Finland is understood to have sold DM20m worth of six years notes carrying a coupon of 6 1/2 per cent. Prices in the Deutsche-Mark sector were steady yesterday in thin trading.

The next Luxembourg Franc denominated bond for a foreign borrower is expected to be announced soon by Kredietbank Luxembourg. The amount is expected to be Luxembourg 500m but the name of the borrower is as yet undisclosed.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns: U.S. DOLLAR, DEUTSCHE MARK, OTHER STRAIGHTS, FLOATING RATE. Lists various bond issues with columns for Issued, Bid, Offer, Cdn, Conv, Cpn, Cld.

Table with columns: U.S. DOLLAR, DEUTSCHE MARK. Lists various bond issues with columns for Issued, Bid, Offer, Cdn, Conv, Cpn, Cld.

Table with columns: CONVERTIBLE, BONDS. Lists various bond issues with columns for Conv, Cdn, Cpn, Cld.

No Information available—previous day's price. Only one market maker supplied a price. Straight Bonds: The yield is the yield to redemption of the issue. The amount shown is in millions of currency units except for Yen bonds which are in billions. Change on week—Change over price a week earlier. Floating Rate Notes: Denominated in dollars unless otherwise indicated. Conv. Cdn. Cpn. Cld. First date for conversion into shares. Nominal amount of bond per share expressed in dollars. Prem. Percentage premium of current market price of acquiring shares via the bond over the most recent price of the share.

NOTICE

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

IN RE URANIUM ANTI TRUST LITIGATION : M.D.L. Docket No. 342

WESTINGHOUSE ELECTRIC CORPORATION, Plaintiff, : No. 76 C 3830

—against—

RIO ALGOM LIMITED, et al., Defendants.

PRELIMINARY INJUNCTION

The 24th day of January, 1979 there came on for hearing the motion of the plaintiff, Westinghouse Electric Corporation, for a preliminary injunction enjoining defendants Rio Algom Limited, Rio Tinto-Zinc Corporation Limited, RTZ Services Limited, Conzinc Rio Tinto of Australia Limited, Mary Kathleen Uranium Limited, Pancontinental Mining Limited, Queensland Mines Limited, Nuclear Fuels Corporation and Anglo-American Corporation of South Africa Limited from making certain transfers of United States assets, as defined in the motion; and

The aforesaid defendants, and each of them, having defaulted in this action and their defaults having been entered pursuant to Rule 55(a), Fed. R. Civ. P., by order of the Court entered February 2, 1977; and

The Court having entered, on January 3, 1979, a final judgment on issues of liability pursuant to Rule 54(b), Fed. R. Civ. P., against each of the aforesaid defendants (hereinafter referred to as the "defaulting defendants"); and

The Court having, on January 15, 1979, ordered the defaulting defendants to show cause why they should not be enjoined from making certain transfers of United States assets as defined in the aforesaid motion and having entered a temporary restraining order pursuant to Rule 65(b), Fed. R. Civ. P., staying the defaulting defendants from making such transfers pending the hearing on the motion; and

Plaintiff having submitted proof of service of the order to show cause and temporary restraining order upon each of the defaulting defendants and the other parties to this action; and

None of the defaulting defendants having appeared in opposition to the motion; and The Court having read the affidavits of George S. Leisure, Jr., and J. B. Ferguson, sworn to on January 11, 1979, and the exhibits thereto, and having held a hearing and heard oral argument upon the motion in open court; and

The Court having concluded that plaintiff's motion should be granted.

IT IS NOW ORDERED that the defaulting defendants, viz., defendants Rio Algom Limited, Rio Tinto-Zinc Corporation Limited, RTZ Services Limited, Conzinc Rio Tinto of Australia Limited, Mary Kathleen Uranium Limited, Pancontinental Mining Limited, Queensland Mines Limited, Nuclear Fuels Corporation and Anglo-American Corporation of South Africa Limited, and each of them, be, and they hereby are, enjoined until further order of the Court:

(i) from making, or causing or permitting others to make, any transfer for security or otherwise, of any interest in tangible property: real or personal, located within the United States, or in intangible property whose situs is within the United States (all such property interests being hereinafter referred to as "United States assets");

(ii) from withdrawing, or causing or permitting others to withdraw, any United States assets from the territory or jurisdiction of the United States; and

(iii) from taking any other action whose effect would be, directly or indirectly, to divest a defaulting defendant in whole or in part of ownership or control, direct or indirect, of United States assets, or to withdraw any such assets from the territory or jurisdiction of the United States;

Excluding from the aforesaid prohibitions, however,

(i) any transfer in the ordinary course of business of United States assets whose fair market value is less than \$10,000; and

(ii) any transfer of United States assets of any value whatsoever, whether or not in the ordinary course of business, provided that the Court and counsel for plaintiff shall have received twenty days prior notice of any such transfer, such notice to identify the assets to be transferred, the transferor and transferee, and the assets proposed to be received in consideration of the transfer;

For purposes of this order, "asset" includes any interest in property, real or personal, tangible or intangible, of any description whatsoever, including, without limitation, mortgages, bank accounts, choses in action, shares of stock, receivables and contract rights; "identify," when used with respect to an asset, means state the kind of asset, the date of acquisition, the cost of acquisition, estimate the present fair market value, and state the address where the asset is located if tangible, or, if intangible, the address where any certificate evidencing ownership thereof is located; "identify," when used with respect to a person, natural or artificial, means state the name, the address of the domicile or principal place of business, and the country and state of citizenship or incorporation; the "situs" of shares of a corporation is the United States if the corporation is organized under the laws of a State of the United States or if the share certificates are located in the United States; and it is further

ORDERED, that the plaintiff, Westinghouse Electric Corporation, shall take such steps as it deems proper to give notice hereof, by publication or otherwise, to those bound hereby pursuant to Rule 65(d), Fed. R. Civ. P., including any who might have custody or possession of United States assets of any of the defaulting defendants or who might, knowingly or unknowingly, act in active concert or participation with any of the defaulting defendants in contravention thereof; and it is further

ORDERED, that plaintiff shall post with the Clerk of the Court an undertaking in the amount of \$250,000.00 for the payment of any costs and damages that may be incurred or suffered by any party who is found to have been wrongfully enjoined hereby, and upon posting the said undertaking the bond previously posted herein upon the grant of the temporary restraining order may be vacated.

ENTER: Prentice H. Marshall (Signed) United States District Judge

Dated: January 24, 1979

Westinghouse Electric Corporation Pittsburgh, Pennsylvania U.S.A.

European Ferries Limited (CDR's) Townsend Thoresen

The undersigned announces that as from 12th February 1979 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, Div. Cp. no. 1 of the CDRs European Ferries Limited, each repr. 100 shs, will be payable with Dfls. 4.40 (re interim dividend for the year 1978) 1,127,273 p. per share Tax credit £—,555155 = Dfls. 2.20 per CDR. Non-residents of the United Kingdom can only claim this tax credit when the relevant tax treaty meets this facility. Amsterdam, 25th January 1979

AMSTERDAM DEPOSITORY COMPANY N.V.

Companies and Markets CURRENCIES, MONEY and GOLD

Confidence in dollar grows

A period of continued dollar strength is now looked for by the foreign exchange market, following the improved economic news coming out of the U.S. this week, and the easing of restrictions designed to keep foreign capital out of other major financial centres in recent weeks. The Iranian crisis, which may lead to mandatory oil conservation measures, according to Mr. James Schlesinger, U.S. Energy Secretary, and the statement from Mr. Michael Blumenthal, the Treasury Secretary, that the administration will continue to work towards a free trade deficit were particularly helpful to the dollar yesterday.

Several central banks, including the Bank of Japan, and possibly the German Bundesbank, intervened to support their currencies against the strong dollar, and the U.S. currency finished only slightly below its best levels of the day. On Morgan Guaranty figures the dollar's depreciation narrowed to 7.5 per cent from 7.5 per cent, the best level since July last year. The dollar touched a high point of DM 1.8870 against the D-mark, before closing at DM 1.8830, compared with DM 1.8720 previously. It rose to SwFr 1.7140 in terms of the Swiss franc, and closed at SwFr 1.7085, compared with SwFr 1.7010, and touched Y203.50 against the yen, before finishing at Y202.70, compared with Y202.50.

Sterling may have also received some small support from the Bank of England. It opened at \$1.9335-1.9345, and touched \$1.9375 in the morning. The lowest point touched was \$1.9285. It rose to SwFr 1.7140 in terms of the Swiss franc, and the pound closed at \$1.9805-1.9815, a fall of 90 points on the day. Sterling's trade-weighted index, on Bank of England figures, fell to 63.4 from 63.5 and stood at 63.4 throughout.

NEW YORK—The dollar continued to gain ground on the statements made by the U.S. Treasury Secretary about dollar stability and the economy, and by the Energy Secretary on oil conservation, on Wednesday. There was no evidence of any support by the Federal Reserve, but it was suggested that the German Bundesbank may have sold dollars earlier in the day.

PARIS—Apart from the statements on Wednesday by U.S. officials, the dollar was also

helped by news that the U.S. merchandise trade deficit narrowed to \$7.39bn in the fourth quarter of last year, from \$7.98bn in the third quarter. The U.S. currency closed at FFf 4.2300, compared with FFf 4.2300 on Wednesday, and other major currencies also tended to improve against the franc. Sterling finished at FFf 8.6640, compared with FFf 8.6600 previously. FRANKFURT—The Bundesbank did not intervene when the dollar rose to DM 1.8870 against the D-mark, from DM 1.8816 on Wednesday. Confidence in the dollar increased on recent statements by the Treasury Secretary, and the Energy Secretary about the U.S. economy, and possible measures to limit oil consumption. Expectations of expanding economic links between the U.S. and China also helped the dollar, while the cut in Japan's prime rate was also seen as a positive factor, on hopes that an economic recession may be averted. In late trading the dollar continued to advance, rising to DM 1.8840.

AMSTERDAM—The dollar rose to Fl 2.3350 against the guilder in late trading, from a fixing level of Fl 2.0265, compared with Fl 2.0095 on Wednesday.

MILAN—The Italian Government crisis had little effect on the lira, with the currency gaining slightly against the D-mark and Swiss franc at yesterday's fixing. The D-mark eased to L450.45 from L451.50, and the Swiss franc also declined to L498.63. The dollar was much firmer however, rising to L845.30 from L840.95. Trading was light, with dollars officially traded totalling \$12.3m.

TOKYO—The Bank of Japan intervened to support the yen, in the face of continued demand for the U.S. dollar, which gained ground for the fifth consecutive session. It finished at Y202.35, compared with Y201.42 on Wednesday, helped by statements from U.S. officials about possible mandatory oil conservation measures due to the lack of Iranian oil, and about continuing efforts to reduce the U.S. trade deficit. Strong commercial demand for the settlement of imports at the beginning of the month also helped the dollar.

Table with columns: THE POUND SPOT, FORWARD AGAINST £, Feb. 1, Day's Spread, Close, One month, Three months, etc.

Table with columns: THE DOLLAR SPOT AND FORWARD, Feb. 1, Day's Spread, Close, One month, Three months, etc.

Table with columns: CURRENCY RATES, CURRENCY MOVEMENTS, January 31, Special Drawing Rights, February 1, Bank of Morgan, etc.

Table with columns: OTHER MARKETS, Feb. 1, Argentina Peso, Australia Dollar, Brazil Cruzeiro, etc.

Table with columns: EXCHANGE CROSS RATES, Feb. 1, Pound Sterling, U.S. Dollar, Deutsche Mark, etc.

Table with columns: EURO-CURRENCY INTEREST RATES, Jan. 31, Sterling, U.S. Dollar, Canadian Dollar, etc.

INTERNATIONAL MONEY MARKET German call money rate firm

The rate on call money rose sharply yesterday in Frankfurt, following the implementation of measures announced previously by the Bundesbank to reduce liquidity. These included a 5 per cent increase in minimum reserve ratios, and as a result call money was quoted at 3.75-3.80 per cent compared with 0.25-0.50 per cent on Wednesday. Longer term interbank rates showed little change although one-month money eased to 3.8-3.9 per cent from 3.9-4.0 per cent with the three-month rate quoted at 4.1-4.2 per cent against 4.15-4.20 per cent previously. Six-month money stood at 4.25-4.35 per cent from 4.25-4.30 per cent

while 12-month money eased slightly from 4.55-4.65 per cent to 4.5-4.6 per cent. A large sum of tax payments due this month was seen as the reason for the Dutch authorities introducing a Fl 1.6bn special loan facility to commercial banks yesterday. The tender saw a 100 per cent application for the 20-day period to end on February 23, and market sources suggested that as result, money market rates should remain stable. Call money was quoted at 7.5 per cent compared with 7.8 per cent on Wednesday.

NEW YORK—Chase Manhattan's decision to lower its prime rate to 11 1/2 per cent produced no following trend yesterday and interest rates were generally stable. Fed funds were trading at 10-10 1/2 per cent, little changed from previously. 12-week Treasury bills remained at 9.27 per cent, while 26-week bills eased only slightly to 9.34 per cent from 9.35 per cent earlier. One-year bills were quoted at 9.31 per cent compared with 9.35 per cent.

UK MONEY MARKET: Full credit supply

Bank of England Minimum Lending Rate 12 1/2 per cent (since November 9, 1978) Day to day credit appeared to be in good supply in the London money market yesterday, and the authorities sold a large amount of Treasury bills all direct to the discount houses. The supply of funds appeared to take a little time to show through with houses paying 11 1/2 per cent for secured call loans at the start. Conditions remained rather patchy but eased during the latter part of the day with closing balances taken anywhere between 9 1/2 per cent and 10 1/2 per cent. The market was helped by a small amount of Treasury bills maturing outside official hands and a moderate decrease in the note circulation. In addition in the interbank market overnight loans opened at 12-12 1/2 per cent and eased on the forecast of a large surplus to 11 1/2 per cent. However rates soon firmed back to 11 1/2 per cent with trading at noon at around 11-11 1/2 per cent. Closing balances were taken at 10-10 1/2 per cent. Rates in the table below are nominal in some cases.

PARIS—Call money showed a slightly firmer tendency yesterday, while longer term rates remained static. HONG KONG—Conditions in the money market were tight, with overnight money at 14 1/2 per cent and overnight business dealt at 14 1/2 per cent.

Table with columns: LONDON MONEY RATES, Feb. 1 1979, Sterling Certificate on deposit, Interbank, Local Authority deposits, etc.

Table with columns: MONEY RATES, NEW YORK, Prime Rate, Fed Funds, Treasury Bills, etc.

Table with columns: MONEY RATES, GERMANY, Discount Rate, Overnight Rate, etc.

Table with columns: MONEY RATES, JAPAN, Discount Rate, Call (Unconditional), etc.

Handwritten signature or stamp in Arabic script.

Companies and Markets

WORLD STOCK MARKETS

Down 2.2 more in active morning trade

INVESTMENT DOLLAR PREMIUM... \$2.60 to \$1.85 (92%)... WORRIES ABOUT inflation...

The Dow Jones Industrial Closing prices and market reports were not available for this edition.

Average after Wednesday's 12.56 fall, shed 2.25 more to 886.97 at 1 p.m. The NYSE All Common Index was 19 cents lower at 865.80...

Analysts said Wednesday's report of a jump in farm prices pointed towards steeply rising first-half consumer prices.

Placer Development dipped to \$22 1/2 despite higher 1978 profits.

Canada Share prices further retreated across a broad front in active dealings...

Tokyo After an early extension of Wednesday's advance, the market succumbed to widespread profit-taking...

White Consolidated advanced 1 1/2 to \$21 1/2 in active trading.

White Consolidated advanced 1 1/2 to \$21 1/2 in active trading. General Motors has agreed to sell its freight division to White for undisclosed terms...

announcing an unchanged dividend. The Domestic Bond market was quiet...

Paris The poor overnight performance on Wall Street and continuing fears of an outbreak of labour unrest in France caused a further widespread setback...

Hong Kong After being closed for several days for the Chinese New Year holiday, the stock market reopened yesterday on a quietly firm note...

Switzerland The market was firmer-inclined on fresh foreign buying which put the market on a steady rise...

Australia Markets were in buoyant mood, with Copper Mining issues particularly strong in reflection of a further rise in world copper prices.

Johannesburg Gold shares were a shade easier in a very small trade price trend.

NEW YORK

Table of stock prices for various companies in New York, including Abbott Labs, Alcoa, and American Airlines.

CANADA

Table of stock prices for various companies in Canada, including Alcan, Bell Canada, and Canadian National.

GERMANY

Table of stock prices for various companies in Germany, including Allianz, BASF, and Bayer.

Indices

NEW YORK - DOW JONES

Table showing Dow Jones Industrial Average and other indices with high and low values.

STANDARD AND POORS

Table showing Standard and Poors indices and their performance.

MONTEAL

Table showing Montreal stock market indices.

JOHANNESBURG

Table showing Johannesburg stock market indices.

WEDNESDAY'S ACTIVE STOCKS

Table listing active stocks and their price changes, including Anglo American and Anglo Coal.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data for various companies and currencies.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

TOKYO

Table showing Tokyo stock market indices and prices.

AMSTERDAM

Table showing Amsterdam stock market indices and prices.

COPENHAGEN

Table showing Copenhagen stock market indices and prices.

AUSTRALIA

Table showing Australian stock market indices and prices.

BRUSSELS/LUXEMBOURG

Table showing Brussels/Luxembourg stock market indices and prices.

PARIS

Table showing Paris stock market indices and prices.

SWITZERLAND

Table showing Swiss stock market indices and prices.

THE PROPERTY MARKET BY MICHAEL CASSELL

Brokers predict 'buoyant times'

A SMALL ray of sunshine, in the shape of the first 1979 major brokers' reports on property share prospects, has this week managed to penetrate the all-pervading gloom.

Still more buoyant times ahead for the property sector, with few clouds on the horizon, is the picture presented in the latest reports from Greenwell and from Rowe and Pitman, Hurst-Brown.

Both seem to be equally enthusiastic in their assessment that most property companies, after a long period of convalescence, are back in good health and set for substantial or even exceptional increases in pre-tax profits over the next few years. The result progressively increasing dividends.

Both play down what could represent the most likely obstacle to frustrate their predictions—uncertain prospects for short-term interest rates—by saying that most companies are in a less vulnerable position in this respect.

They suggest any temporary weakness in the market should be regarded as a major buying opportunity and both also recommend above-average weightings in a property sector which seems set to out-perform most other areas of the stock market.

According to Rowe and Pitman, total debt has continued to fall and gearing has been reduced substantially, while at the same time rents have risen strongly and benefits from reversions are now emerging. "True" profits are again being earned and asset values

have increased more dramatically than rents.

Reviewing the last 12 months the broker says property values continued to rise strongly, with yields on some prime, rack rented properties falling to just over 4 per cent. Coupled with the rapid rise in rents, particularly for shop properties, the effect on property values was very substantial.

Rowe and Pitman's own index shows that net assets per share, before deducting the contingent capital gains tax liabilities, rose by 18 per cent over the last 12 months.

The institutions met increasing difficulty in trying to invest their money in real estate on a scale they would have liked and the percentage of new funds invested this way remains at a comparatively low level. So despite the very high yields on long-dated Government securities, it is not altogether surprising that yields on good quality properties are at their lowest levels for many years.

Reversions

Rowe and Pitman say a few words of caution are called for: "Yields of 4 per cent are historically low and, while in several circumstances these have been justified by the subsequent sharp rise in rental levels, it requires a compound growth of 10.2 per cent per annum on properties with five-year rent reviews before the total returns match the yields of 13.5 per cent now obtaining on long-dated government securities."

Both brokers have much to say about reversions, emphasising that many companies are now beginning to benefit on a substantial scale from the long-awaited rent reviews and renewals now arriving. Most property companies have leases entered into 21 and 14 years ago falling due for review and Greenwell estimates that even if current rack rents do not grow, many companies could produce over the next four years an overall increase in pre-tax profits of around 150 per cent.

By way of example, the company calculates that, assuming no growth in rack rents and under current dividend legislation, the dividend yield of Land Securities could rise from the current 3.2 per cent to a possible 7.3 per cent by 1980-81.

Rowe and Pitman also cite Land Securities to support its view that the benefits of reversions will become even more evident over the next few years. It points out that with the continuing rise in rents for all types of commercial accommodation which has taken place over the past few years, the inbuilt reversions of many companies are enormous and will alone ensure a rapid growth in pre-tax figures for several years to come.

Based on March 1977 rent levels, rental income of Land Securities is forecast to rise by £32.8m by March 1987, implying a rise in pre-tax profits at an annual compound rate of 12 per cent over the next nine years. One point to be made on reversions, however, is that many older properties will

without question require substantial modernisation before asking rents can be justified, something which is likely to represent some fairly significant levels of expenditure in many cases.

On rents, Rowe says the main growth has in the last year been in the shops sector with demand still strong. Investment demand has been greatest in prime shopping areas, although the company says it wonders how long it will be before some prices, which have been paid are actually justified.

Beneficiaries

Industrial rents are expected to continue their steady rise but it is in the office market where, according to Rowe, the greatest opportunities for short- to medium-term rental growth now lie.

Companies such as Haslemere, Land Investors, Land Securities and Warford Investments, with large holdings of City office space, should be among the prime beneficiaries of this developing situation, says Rowe. Other companies in its good books: Peachey, Slough, Property Holding and—having emerged from a difficult period and now offering "exceptional recovery prospects"—British Land and Law Land.

Greenwell, which agrees on the outlook for City office rents and predicts a fast growth rate for rack rents on prime office space. Its recommendations: Erixton, Hammerson, Haslemere, MEPC, Slough and Stock Conversion. More speculatively: British Land and Law Land.

Peachey now looks forward

THIS WEEK'S report on Peachey Property by the Trade Department should finally clear both the air and the way forward for a company which now bears little resemblance to that which Sir Eric Miller left.

Since Sir Eric's departure, six months before his death, the Peachey board has been changed with only one member who was for a short time involved in Sir Eric's regime remaining. He is Lord Mals, the present chairman who was free from criticism from the inspectors.

The company has lodged £750,000 claims against Sir Eric's estate although any losses arising out of the affair have been written off. Peachey, concluded the report, could now be "fairly and safely judged on the merits of its performance and its present board without recourse to the past."

With Mr. John Brown as managing director, the company has recently sold for £12m cash the Park West apartment block in London which appeared reluctant to leave the fold. Proceeds have gone to wiping out short-term borrowings and over £6m cash in hand was left.

Pre-tax profits in the year to last June reached £1.9m after a 1977 loss of £57,000 and rationalisation has trimmed the group's numerous subsidiaries to 15 active companies. All non-property interests have been sold.

Peachey's commitment to sell its low yielding residential properties and to concentrate on higher yielding commercial developments remains a priority.



British Petroleum Pension Fund has let the former Robert Jackson food store in Sloane Street, London, SW3, to La Cioagna, Italian children's clothes specialists. The shop has a sales area of just under 1,500 sq. ft., with a further 1,500 sq. ft. of basement accommodation. The rent is more than £100,000 a year exclusive. Debenham Tewson and Chincocks acted for BP, and Ian Scott and Laurence Bird represented La Cioagna, which has another shop in Britain a short distance away in Kensington High Street.

IN BRIEF

CHELTHENHAM'S largest unlet office block has been taken for a rent close to £123,000 a year by Linotype-Paul, the U.S. owned printing equipment manufacturers. Chelham House, formerly occupied by the Central Electricity Generating Board, offers 56,000 sq ft of office space and Linotype-Paul has taken an underlease with 14 years unexpired. Joint letting agents: G. H. Bayley and

Debenham Tewson and Chincocks.

DIMSDALE Developments (South East), in conjunction with Crowvale Properties, a wholly-owned subsidiary of Associated Properties, are to carry out a joint £1.3m office and industrial development at Shoreham in Sussex. They have acquired a two-acre site from Legal and General Assurance and work on the project, offering units from 5,000 sq ft upwards, will begin in March.

Brussels activity 'just temporary'

THE EXPECTED sharp upsurge in the rate of lettings for office accommodation in Brussels did not after all take place in 1978, according to Knight Frank and Rutley.

KFR says that the increase in activity at the end of 1977 proved to be temporary, arising from a backlog of new requirements, and that the short-term requirements of the most important space users in the city—the Belgian Government and the Common Market—are likely to be limited. KFR estimates there is about 400,000 sq metres still available.

Against this rather depressing background, however, the economics of construction are such that prime rents are now standing at about half those which, in normal circumstances, would be needed to attract new developments. The potential for growth is, therefore, enormous, according to KFR, and the uncertainty which surrounds the market no longer relates to whether rents will rise but more to the question of when.

KFR adds: "As a result, the investment market has strengthened appreciably and yields for prime well-let office buildings will probably drop their 7-7½ per cent range during 1979."

"There would seem no justification for predicting with certainty that demand will increase sufficiently in the two-year term so as to force rents to rise appreciably. The growth prospects in the two- to five-year term are excellent, however, and those who can hang on can view the future with confidence."

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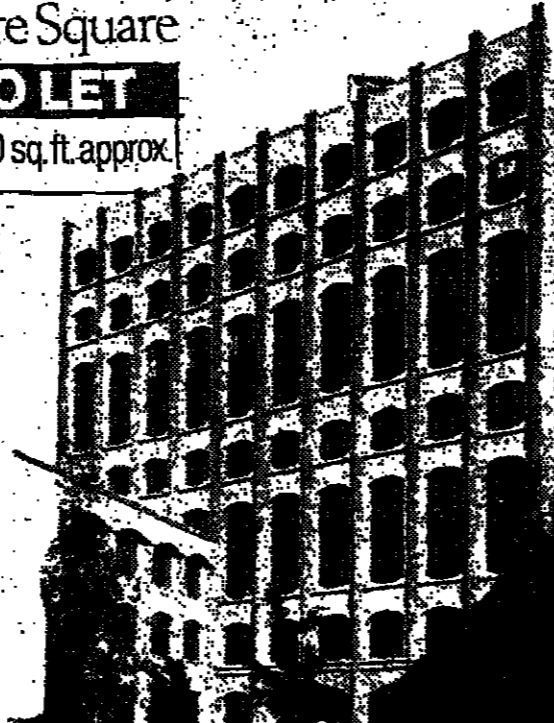
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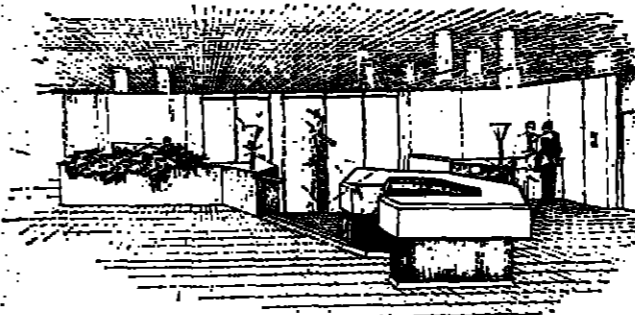
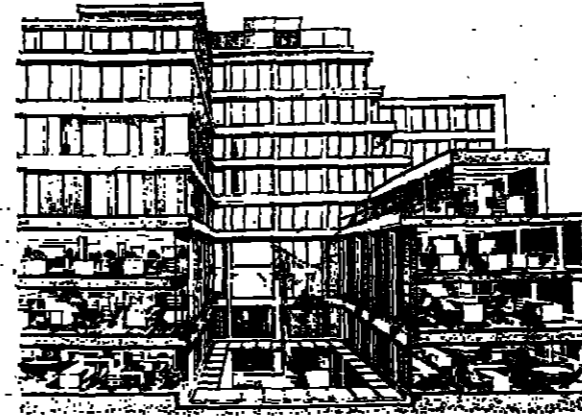
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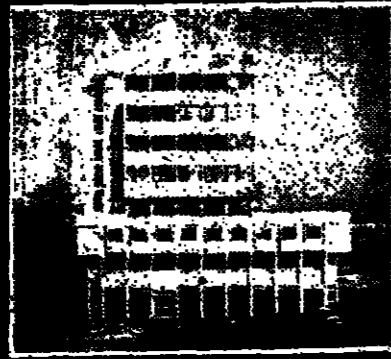
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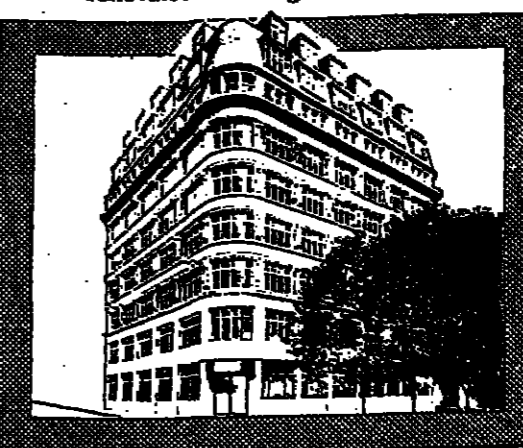
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Companies and Markets

European sugar rise forecast

By Our Commodities Editor
EUROPEAN SUGAR production this season (1978-79) is expected to rise by about 300,000 tonnes to 30,684,000 tonnes...

Brazil cuts coffee prices

By RICHARD MOONEY
COFFEE PRICES rose on the London futures market yesterday in spite of announcements that the world's two biggest producers were reducing their export prices...

New peaks in metal markets

By John Edwards, Commodities Editor
BASE METAL prices, led by copper, rose strongly again on the London Metal Exchange yesterday...

EEC FARM PRICE REVIEW

THE PLANNED levy on milk production could cost the average British dairy farmer between £2,350 and £3,760 a year if the Common Market Commission's plans are approved...

'Disaster for dairying'

By CHRISTOPHER PARKES

much more than 5 per cent change suggested by the EEC Commission following talks with the Government. This would raise the support buying prices for key commodities like grain...

U.S. doubts on wheat pact

WASHINGTON—The outlook for successfully completing negotiations on a new international wheat agreement is not as optimistic as it was a few days ago, James Webster, director of the Office of Governmental and Public Affairs, U.S. Agriculture Department, said yesterday...

the constructive and co-operative relationship that the U.S. and most of the other major wheat trading countries have achieved during these past two years, he added.

Oak disease warning

By Our Commodities Staff
BRITAIN'S OAK trees could suffer the same fate as its elms unless drastic steps are taken to keep "oak wilt" out of the country...

Wool supplies expected to increase

CANBERRA—World wool supplies are more likely to rise than fall in the 1979-80 season ending June 30, according to the Bureau of Agricultural Economics.

Quotas the answer to milk glut

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

I MAKE no apologies for returning to the problems of milk surpluses once again. The myths and inaccuracies surrounding the European dairy scene are once more in debate as the EEC annual farm price negotiations start.

farmer, driven by the unsupported notion that investment in almost anything means progress, busily reduces his profit margins by spending too much money trying to get too much milk.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Surged ahead again in hectic trading on the London Metal Exchange. The strength of Cornex overnight coupled with heavy speculative buying and the downward bias in sterling...

LEAD

LEAD—Attained record levels following the sharp gains in copper, Eastern Europe's physical demand and heavy stop-loss buying.

ZINC

ZINC—Slipped firmer and buoyed up by the trend in other metals. After moving ahead to £291 on the pre-market forward metal encountered profit-taking which depressed the price...

COFFEE

The market failed to consolidate its previous night's gains and opened around £120 on an irregular tone. Drexel Burnham Lambert reported, however, persistent trade buying during the morning...

SOYABEAN MEAL

ment sales in Liverpool amounted to 142 tonnes. Few dealings occurred in the afternoon but a number of co-operations were directed towards Middle Eastern quantities.

PRICE CHANGES

Table with columns for Commodity, Price, and Change. Includes items like Metals, Sugar, and Oil.

AMERICAN MARKETS

Table with columns for Commodity, Price, and Change. Includes items like Live Hogs, Soybeans, and Wheat.

PUBLIC NOTICES

I.G. Index Limited 01-351 3456. Three month Copper 926-934. 2. Tax-free trading on commodity futures. 3. The commodity futures market for the smaller investor.

Hydrocarbon Technology Projects European Community Funding

The Department of Energy wishes to draw attention to the EEC scheme whereby under Regulation (EEC) 3056/73 of 9 November 1973, support at rates of up to 40% in the form of interest-free loans (which are only repayable in the event of the commercial success of a project)...

GRAINS

LONDON FUTURES (GAPFA)—Old crop wheat—up on speculative buying and short covering but then essentially flat on close and values ended the day 5/10p down. New crops followed a similar pattern moving up 20/50p on short covering but then ending the day 1/10p down...

WHEAT

WHEAT—Wheat—up on speculative buying and short covering but then essentially flat on close and values ended the day 5/10p down. New crops followed a similar pattern moving up 20/50p on short covering but then ending the day 1/10p down...

SILVER

SILVER—Silver was fixed 1.8p an ounce lower for spot delivery in the London bullion market yesterday at 334.8p. U.S. cent equivalents of the fixing were 18.78p, 30p 88.4c, down 0.7c; three-month 69.7c, down 0.8c; six-month 69.7c, down 0.8c...

COCOA

Cocoa futures eased £30 initially during a featureless day, before profit-taking raised prices during late dealing to close overall £10 lower than last night's levels, reported Giff and Duffas.

WOOL FUTURES

BRADFORD—Prices for tops were a little firmer. This is partly because of a slight improvement in the wool price partly due to firmer prices for wool in primary markets.

RUBBER

SLIGHTLY STEADIER opening on the London physical market. Good demand throughout the day, clearing on firm tone. Lewis and Post reported the Malaysian godown price was 240 (239) cents a kilo (February).

MEAT/VEGETABLES

MEAT/VEGETABLES—Pence per pound. Beef: Scotch highland sides 57.0 to 60.0, Eire hindquarters 61.0 to 64.0, forequarters 44.0 to 47.0...

INDICES

Table with columns for Index Name, Value, and Change. Includes Financial Times, DOW JONES, and MOODY'S.

REUTERS

Table with columns for Commodity, Price, and Change. Includes items like Gold, Silver, and Wheat.

New fishing zone delay

CANBERRA — The Australian Government has put off until at least April its 'declaration' of the country's new 200-mile fishing limit.

Danish exports rise by 8.1%

DENMARK'S COMMODITY export rose by 8.1 per cent to Kr 65.3bn in 1978, according to official figures, writes Hilary Barnes in Copenhagen.

EXHIBITIONS

NEW YEAR Print Exhibition, Anthony Bonham, Sydney, 1979. The exhibition is held at the Sydney Convention Centre, 1979, from 1979 to 1979.

LONDON STOCK EXCHANGE

Diverse trend continues with equities improving again but Gilts falling on interest rate and other worries

Account Dealing Dates
Option
*First Declara- Last Account
Dealings Dealing Day
Jan. 15 Jan. 25 Jan. 26 Feb. 6

on September 14. The bulk of the trade was done by mid-day when 1,145 deals were transacted. RTZ, inspired by the surging 287p and Copper on the metal exchange, attracted 398 deals; prices of the group's May 260 and 280 series rose 8 to 34p and 6 to 32p respectively.

issues where some useful gains were recorded. Farrell advanced to 418p before settling 12 up on balance at 415p. Electro Components, 332p, and Eurotherm, 240p, moved up 8 and 7 respectively, while Bowthorpe firmed 4 to 78p and Highland 3 to 59p.

annual profits and 100 per cent scrip issue before closing 3 up at 270p.

Trafalgar House up

Miscellaneous Industrial leaders took the previous day's gains a stage further largely on technical influences. Reflecting the current strength of Property, Trafalgar House advanced 7 to 86p, while Unilever rose 10 to 538p and Beckett and Colman put on 5 to 465p.

Slough Estates, 136p Imry were also firm at 430p, up 11.

Oil leaders higher

Trading in the Oil leaders was reasonably brisk and, despite closing a few pence below the best, the underlying tone at the close remained firm. British Petroleum touched 915p before settling at 919p for a rise of 8, while Shell ended 6 better at 578p, after 580p.

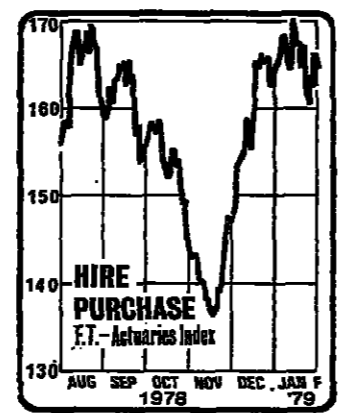
on the London Metal Exchange prompted a strong demand for base-metal producers.

The London-registered Financials were featured by Rio Tinto Zinc which advanced 7 more to 280p, after a 1978-79 high of 282p following a heavy turnover which put it in second place in our list of active stocks.

Overseas-based base-metal miners were additionally boosted by rise in the investment currency premium. Roan Consolidated Mines advanced 10 to 83p.

Natwest better

Slightly more interest was shown in the major clearing banks ahead of the dividend season which Lloyds starts on February 16. NatWest led the movement with a rise of 7 to 290p. Scattered buying among Merchant banks left gains of 4 and 5 respectively in Mercury and Securities, 125p, and Hill Samuel, 87p.



An early manoeuvre by dealers to lower prices of leading shares in order to tempt a few sellers succeeded only in drawing in buyers and a squeeze began on short positions which, measured by the FT 30-share index, brought a rise of 2.3 at noon after a fall of 1.4 at the first 10 am. calculation.

In the afternoon, lack of any follow-through buying interest caused values to drift back—the index, however, brought 0.8 higher to 463.4—numerous exceptions which included the bulk of secondary stocks.

Of the individual markets, Properties continued in vogue in response to Press recommendations on the heels of several brokers' circulars favouring investment in the sector. Institutional funds were also directed to Foods and a shortage of stock contributed to many gains in prices; the demand in the sector reflected, in part, rationalisation hopes which also contributed to another lively trade in Plantas.

A subdued day's trading in the Engineering leaders left prices with small irregular movements at the close.

Yarrow, up 20 further at 377p, continued to benefit from news that Vespel has increased its holding in the company to nearly 23 per cent; Vespel were also firm at 203p, up 5. Fresh buying interest was shown in Alean Aluminium, 7 to the good at 140p, and in Williams and James, 4 higher at 147p.

Northern Gold good

Secondary Stores remained in demand and further good gains were recorded. Persistent buying in a thin market prompted a rise of 8 to 88p, after 90p in Northern Goldsmiths, while mail-order concern Freemans appreciated 4 to 118p and Bolton Textile put on 31 more to 24p.

Leading Foods attracted increased interest with J. Sainsbury 3 up at 240p and Associated Dairies 6 to the good at 196p. Elsewhere, Arava put on 5 to 581p on hopes that Northern Foods, 2 better at 103p, might launch a full-scale bid. Morgan Edwards hardened 2 to 59p in response to Press comment, while speculative demand prompted a gain of 3 to 38p in Louis C. Edwards.

Small gains predominated throughout the Trust sector, while Kitchen Taylor, up 9 at 131p in a thin market, stood out in Financials.

Small buying in restricted markets led to selected Textiles showing useful gains. Sirdar were again wanted, adding 4 to 104p, while similar rises were seen in Parklane "A", 7p, and Small and Tidman, 57p, the latter attaining a 1978-79 high.

Increased London interest left secondary Plantations on a firmer footing as dealers attempted to attract business. Casfield, with the AGC due today, rose 8p for a two-day gain of 23 to 233p. Other useful rises included Bertams, 8 better at 125p, Hongkong Selangor, 15 up at 280p, and Harrison's Malaysian Estates, 4 harder at 123p.

Further rise in RTZ
A fresh surge in metal prices

Further rise in RTZ
A fresh surge in metal prices

Further rise in RTZ
A fresh surge in metal prices

FINANCIAL TIMES STOCK INDICES
Table with columns for various indices (Government Secs, Fixed Interest, Industrial, Gold Mines, etc.) and their values for different dates.

HIGHS AND LOWS
Table showing high and low prices for various stocks like Govt Secs, Fixed Int., Ind. Ord., Gold Mines, etc.

NEW HIGHS AND LOWS FOR 1978/9
Table listing new highs and lows for various stocks in 1978/9, including details like share price, date, and volume.

ACTIVE STOCKS
Table listing active stocks with columns for No., Denomina., Closing price, Change 1978-79, and 1975-79.

CORRECTION
HUNGARIAN INTERNATIONAL BANK LIMITED, LONDON
Under "Total Assets 14 months to 30th Sept., 1974," please read 34,375,092 instead of 24,375,092.

BUILDING AND CIVIL ENGINEERING
The Building and Civil Engineering page is published in the Financial Times every Monday and carries news items relating to contracts and important developments in the Construction Industry.

INVEST IN 50,000 BETTER TOMORROWS!
50,000 people in the United Kingdom suffer from progressively paralysing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown—HELP US BRING THEM RELIEF AND HOPE.

LONDON TRADED OPTIONS
Table showing option data for various stocks like BP, Shell, etc., with columns for Option, Expiry, Closing price, Vol., etc.

EQUITIES
Table listing equity prices for various companies like BP, Shell, etc., with columns for Issue Price, Amount, etc.

FIXED INTEREST STOCKS
Table listing fixed interest stocks like F.P., F.P., etc., with columns for Issue Price, Amount, etc.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries. Table with columns for EQUITY GROUPS & SUB-SECTIONS, FIXED INTEREST PRICE INDICES, and FIXED INTEREST YIELDS.

OFFSHORE AND OVERSEAS FUNDS

ICES

T.W.V.

1978

NOTES

Table of Offshore and Overseas Funds, including columns for fund names, managers, and performance data.

Table of Insurance and Property Bonds, listing various insurance companies and their bond offerings.

Table of Target Ytd. Mgrs. Ltd. (a) (g) and other investment funds, detailing fund names and performance metrics.

Table of Authorized Investment Trusts, listing various trusts and their associated managers.

CORAL INDEX: Close 467-472

INSURANCE BASE RATES table with columns for insurance types and rates.

Table of stock prices for Food and Groceries, including items like Asda, Borden, and various food products.

Table of stock prices for Hotels and Caterers, including establishments like Holiday Inns and various hotel chains.

Table of stock prices for Industrial (Miscellaneous), covering a wide range of industrial companies.

Table of stock prices for Electrical and Radio, including companies like A.S. Electronic and various electronics firms.

Table of stock prices for Food, Groceries, Etc., continuing the list of food-related companies.

Table of stock prices for Engineering Machine Tools, including firms like A.C.E. Machinery and various tool manufacturers.

Table of stock prices for Food, Groceries, Etc., providing another set of prices for food-related stocks.

Table of stock prices for Engineering Machine Tools, continuing the list of engineering-related companies.

Table of stock prices for Food, Groceries, Etc., with a final set of prices for food-related stocks.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

Table of bond and rail stock prices, including companies like British Rail and various government bonds.

BANKS & HP—Continued

Table of bank and hire purchase stock prices, including companies like Nat. Westminster and various financial institutions.

CHEMICALS, PLASTICS—Cont.

Table of chemical and plastic stock prices, including companies like ICI and various chemical manufacturers.

ENGINEERING—Continued

Table of engineering stock prices, including companies like BHP and various engineering firms.

AMERICANS

Table of American stock prices, including companies like IBM, General Electric, and various US firms.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit stock prices, including companies like Carlsberg and various beverage producers.

DRAPERY AND STORES

Table of drapery and store stock prices, including companies like Debenhams and various retail chains.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building, timber, and road stock prices, including companies like Bovis Lend Lease and various construction firms.

CANADIANS

Table of Canadian stock prices, including companies like Alcan and various Canadian firms.

BANKS AND HIRE PURCHASE

Table of bank and hire purchase stock prices, including companies like Bank of Montreal and various financial institutions.

ELECTRICAL AND RADIO

Table of electrical and radio stock prices, including companies like A.S. Electronic and various electronics firms.

INTERNATIONAL BANK CORPORATION LOANS

Table of international bank and corporation loan rates, including various financial institutions and their loan terms.

COMMONWEALTH & AFRICAN LOANS

Table of commonwealth and African loan rates, including various financial institutions and their loan terms.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail stock prices, including companies like British Rail and various international bonds.

ADVERTISING OFFICES

Text listing advertising offices in various cities, including London, New York, and other international locations.

EDITORIAL OFFICES

Text listing editorial offices in various cities, including London, New York, and other international locations.

FINANCIAL TIMES

Text providing information about the Financial Times newspaper, including its publication details and contact information.

ADVERTISING OFFICES

Text listing advertising offices in various cities, including London, New York, and other international locations.

EDITORIAL OFFICES

Text listing editorial offices in various cities, including London, New York, and other international locations.

SUBSCRIPTIONS

Text providing information about subscriptions to the Financial Times newspaper, including rates and contact details.

ADVERTISING OFFICES

Text listing advertising offices in various cities, including London, New York, and other international locations.

EDITORIAL OFFICES

Text listing editorial offices in various cities, including London, New York, and other international locations.

FOOD, GROCERIES, ETC.

Table of stock prices for Food, Groceries, Etc., including various food and grocery companies.

ENGINEERING MACHINE TOOLS

Table of stock prices for Engineering Machine Tools, including various engineering and tool companies.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, ICI, and various engineering firms, with columns for stock price, change, and volume.

INSURANCE—Continued

Table of insurance stocks including companies like British Overseas Airways, Commercial Union Assurance, and others.

PROPERTY—Continued

Table of property-related stocks including companies like British Land, Eversheds, and various real estate firms.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture, British Venture, and various asset management firms.

FINANCE, LAND—Continued

Table of finance and land-related stocks including companies like British Bankers' Association, British Land, and various financial institutions.



MINES—Continued

Table of mining stocks including companies like Anglo American, Anglo American, and various metal mining firms.

AUSTRALIAN

Table of Australian stocks including companies like Anglo American, Anglo American, and various Australian-based firms.

TINS

Table of tin-related stocks including companies like Anglo American, Anglo American, and various tin mining firms.

COPPER

Table of copper-related stocks including companies like Anglo American, Anglo American, and various copper mining firms.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo American, Anglo American, and various other firms.

GOLDS EX-\$ PREMIUM

Table of gold-related stocks including companies like Anglo American, Anglo American, and various gold mining firms.

NOTES

Notes section containing various financial notices, company announcements, and market commentary.

REGIONAL MARKETS

Table of regional market data including stock prices and indices for various international markets.

OPTIONS

Table of options data including call and put rates for various stocks and indices.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland, British Aerospace, and various automotive firms.

SHIPPING

Table of shipping stocks including companies like British Overseas Airways, British Overseas Airways, and various shipping firms.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Overseas Airways, British Overseas Airways, and various footwear firms.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American, Anglo American, and various South African firms.

TEXTILES

Table of textile stocks including companies like Anglo American, Anglo American, and various textile firms.

Garages and Distributors

Table of garage and distributor stocks including companies like Anglo American, Anglo American, and various automotive service firms.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like Anglo American, Anglo American, and various media firms.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like Anglo American, Anglo American, and various media firms.

TOBACCO

Table of tobacco stocks including companies like Anglo American, Anglo American, and various tobacco firms.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related stocks including companies like Anglo American, Anglo American, and various financial institutions.

INSURANCE

Table of insurance stocks including companies like British Overseas Airways, Commercial Union Assurance, and others.

Miners join the queue for more pay

BY CHRISTIAN TYLER, LABOUR EDITOR

MINERS yesterday joined the queue of public sector workers who, backed by their employers, are asking the Government to make more money available for wages this year.

A long meeting of the NUM executive to digest the NCB's financial plight, means that in effect the miners' negotiations, due for settlement on March 1, have fallen straight into the Government's lap even before the Coal Board has made an offer.

The Board has presented the union with six options of which only two—cutting costs or increasing productivity—it sees as realistic.

These are: to raise prices by more than the 9 per cent planned for April which would make the industry even more uncompetitive; to seek a subsidy of even more than £250m a year—for which statutory change would be necessary; to cut costs—which it says cannot be easily done without impairing efficiency or taking unacceptable safety risks; to cut the £500m a year investment programme, which would produce little cash in the short term; to go in for deficit financing, which it says is much the same as seeking

bigger subventions; and to develop the bonus incentive scheme in order to produce more self-financing payments. The union has been asked to come up with ideas for cost-cutting, but the obvious idea of closing some loss-making pits is not entirely popular with the Board because it could mean a surge of imports while new capacity is awaited.

EEC farm price conflict unlikely to be solved soon

BY JONATHAN CARR IN BONN

A SOLUTION to the agricultural problems delaying introduction of the European Monetary System (EMS) is thought in Bonn to be increasingly unlikely before the next meeting of the European Council in Paris on March 12 and 13.

Government officials here recognise that, in presenting its farm price proposals in Brussels on Wednesday, the European Commission was seeking to find a balance between conflicting national interests.

But it is believed that the proposals—which include a freeze on all common farm prices and a timetable for phasing out monetary compensatory amounts (MCAs)—complicate an already intractable situation.

long afterwards. Much greater delay could, it is felt, strengthen the hand of those who all along have been opposed to the EMS on grounds which have nothing to do with farm problems.

It was the French demand in December for a timetable for phasing out MCAs in Community farm trade which caused postponement of the EMS, due to come into effect on January 1. Two uses of the MCAs is to compensate German farmers for the rise in value of the D-mark and to enable the British to keep food prices lower than they would otherwise be.

In a series of bilateral talks during the last few weeks the French and West Germans have come closer to agreement, but the Germans remain determined to accept no solution which would mean a drop in their farmers' incomes. Such a result would, it is believed, put Herr Josef Ertl, the Agriculture Minister, in an intolerable position, and possibly split the coalition Government.

Tax exemptions which they had a decade ago, but a further domestic problem is the growing criticism in West Germany that farmers already pay relatively too little tax.

Christopher Parkes writes: The farm price review package for 1979-80 will save the Community budget about £200m a year, Mr. David Williamson, deputy director general for agriculture at the EEC Commission, claimed in London yesterday.

The proposed tax on dairy farmers could also yield £450m this year to be ploughed back to help subsidise consumer prices of milk and milk products.

Government refuses Kirkby co-operative request for £6m aid

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT decided finally yesterday not to give any more State aid to the loss-making Kirkby Manufacturing and Engineering workers' co-operative on Merseyside. During the last four years the co-op has received £5.7m in Government grants, but its leaders were told yesterday that its latest request for up to a further £6m in grants and loans had been refused.

The decision came after the Prime Minister decided not to meet a request for a full Cabinet meeting to consider the co-op's case. The main reason for the refusal was that the £6m would be used to clear outstanding debts and fund 200 redundancies needed to start making the operation profitable.

It is now expected that the question of a receiver being put into the business will be considered. In the meantime, Merseyside and other Left-wing Labour MPs are expected to mount a campaign linking the plight of the co-op with the other redundancies declared on Merseyside recently by Dunlop and Plessey.

The co-op's main business is motorised transport central heating radiators which have about 10 per cent of the UK radiator market. In order to prevent imports from over, should the co-op close, other manufacturers are likely to consider whether to express an interest in the factory.

Last summer Steirad, part of Metal Box, discussed a take-over with the Industry Department, should a receiver have been called in at that stage. Since then, however, Steirad has started a new £4m radiator production line in Sheffield and has a £6m development plan for a plant in Ramsgate. Myson is another company which has expressed informal interest in at least part of the co-op's business.

The co-operative, created in 1974 by Mr. Anthony Wedgwood Benn when he was Industry Secretary, has been losing £20,000 a week recently. It is thought to need an immediate

Defence Ministry ready for talks on Iran contracts

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

THE Ministry of Defence is ready to hold immediate talks with the Iranian Government on the future of more than £1bn of defence contracts, involving about 20,000 workers in UK industry.

It was pointed out in Whitehall yesterday that so far, all the UK contracts with Iran—mainly involving Chieftain tanks, tracked Rapier missiles and warships—have been funded in advance and that payments up to the end of last month had been fully met. It remains to be seen, however, what happens this month.

The Ministry of Defence is hopeful that, even if the Iranian contracts are either suspended or rundown, it might be possible to find some alternative outlets for some of the equipment involved.

Semiconductor plant to open in Cheshire

BY JOHN LLOYD

GEC-FAIRCHILD, the semiconductor manufacturing company formed by the General Electric Company and the U.S. electronics company, Fairchild, is to build a factory at Neston, in Cheshire, which will employ about 1,000 people.

The two founder companies will jointly invest £10m on the project. A further £7m will be made available by the Government, of which £4m to £5m will be regional development grants and £2m to £3m drawn from the £70m fund available under the Microelectronics Industry Support Programme, announced last July.

Mr. David Marriott, Fairchild vice-president who is managing director of GEC-Fairchild, said yesterday that build-up of production should begin by next year, and full production would be reached by mid-1981.

The company will specialise initially in the manufacture of advanced semiconductor memories of the 16K and 64K types. These chips contain, respectively, 16,000 and 64,000

"bytes" or units of memory. Both memories and microprocessors will be produced largely to existing Fairchild designs.

Mr. Marriott said the Neston site was in a special development area, had good communications, and was close to technical colleges and universities.

About 75 per cent of the workforce will be semi-skilled production workers, with the remaining 25 per cent engineers, designers and management.

The memory devices to be made at the plant are probably not in direct competition with those planned for manufacture by Immos, the Government-backed semiconductor manufacturer which expects to begin UK production by 1982/83.

The Fairchild 64K memory is of the type known as a charge coupled device (CCD), which has a number of different applications, from the metal oxide silicon (MOS) 64K memory which Immos is thought to be developing.

Lloyd's broker in currency investigation

Financial Times Reporter

A LLOYD'S of London publicly known insurance broker, Christopher Moran Group, is being investigated over possible currency irregularities.

The Treasury has called in the City of London Police and their investigations have begun. The office of the Director of Public Prosecutions has moved to the City of London Police Fraud Squad. But the DPP's office added that it had not received any of the papers relating to the investigation, which is expected to last some time.

Nobody was available at Moran's yesterday afternoon to comment on the statement from the DPP's office.

Mostly dry and bright in S. after sleet or snow; wintry showers in W. and N. cold. London, S.E., Cent. S. England, S.W. Channel Isles. Brighter and mostly dry after sleet or snow. Max. 3-5C (37-41F).

Table with columns for location, day, and temperature. Includes cities like Amsterdam, Barcelona, Berlin, etc.

Weather

MAINLY dry and bright in S. after sleet or snow; wintry showers in W. and N. cold. London, S.E., Cent. S. England, S.W. Channel Isles. Brighter and mostly dry after sleet or snow. Max. 3-5C (37-41F).

Table with columns for location, day, and temperature. Includes cities like Amsterdam, Barcelona, Berlin, etc.

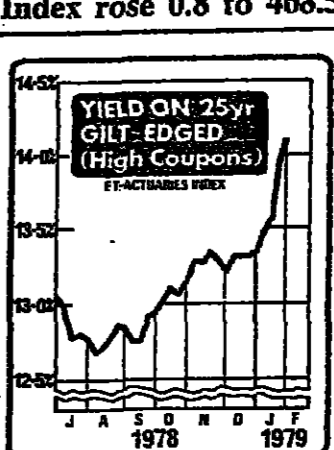
Windy showers, longer periods of snow. Bright intervals. Max. 0-2C (32-36F).

Windy showers, longer periods of snow. Bright intervals. Max. 0-2C (32-36F).

THE LEX COLUMN Upward pressure on gilt yields

The Bank of England held Minimum Lending Rate unchanged at 12 1/2 per cent yesterday but there was very little in the behaviour of the gilt-edged and money markets to suggest that a higher MLR has been averted rather than postponed.

Index rose 0.8 to 468.5



cent and a fully taxed p/e of 10) the shares could be in for a quieter phase.

Going public

Companies will pay more to buy other companies than will the investing public. That is the moral of the extraordinary story of Caledonian Holdings, which has received a bid from London and Midland Industrials just one day after public dealings in its shares started for the first time.

Stenhouse sold off all the shares in Caledonian to the public at 45p each, and netted around £8m for its trouble. LMI, which in no time at all has built up a shareholding of over 29 per cent, is now offering the equivalent of 45p per share for the rest. If this is successful, its cost before expenses will be around £7.8m.

LMI says that it has been interested for some time in buying this business. Unfortunately for the blunders of Noble Grossart, Stenhouse's bankers, it seems to have kept this enthusiasm to itself. The offer for sale price did not look too low; Caledonian is no growth stock. But for LMI, it would evidently have been a gift.

Te Rolls-Royce receiver made more by selling the motor company off to the public than by offering it to a single bidder. But that was in 1974—and anyway Rolls-Royce Motors may have a touch more glamour than Caledonian Holdings. If this example is anything to go by, it is no wonder that so few new companies are finding their way to the stock market.

English Property

English Property Corporation has until luncheon today to respond to proposals from Eagle Star which may lead to a cash offer. But what is really required from EPC is an adequate response to the bid which is already on the table, from the Dutch group Wereldhave. This closes on Monday, and although the Takeover Code requires that shareholders should be given all the facts and time they need to form a proper judgement, there has been no sign yet of EPC's promised revaluation.

Moscow visit

THE DUKE of Edinburgh is to visit Moscow for a week at the invitation of the 1980 Olympic Organising Committee from March 5. The Duke is president of the International Equestrian Federation and his visit is concerned with equestrian and Olympic matters.

The markets are becoming increasingly worried about the money supply figures, and not only those for the five weeks to mid-January, due to be published later this month, which are expected to be poor on a seasonally adjusted basis despite heavy tax-gathering.

The fear now is that the February and March monetary aggregates will be inflated by high bank lending. As manufacturers seem to have run down production rather less than expected during the haulage strike and now have substantial finished stocks to finance. Three consecutive months would put the monetary growth target under strain just at the time when the Government's cash limits were coming under intense pressure from public sector wage demands.

What the market is hoping for is decisive fiscal action to keep a grip on the public sector deficit, but it is not expecting it to come very soon. The timing of any MLR rise is also in dispute: the authorities may be unwilling to fix a new interest rate level while expectations of what the average of wage settlements will turn out to be are still being adjusted upwards.

Some clue to the authorities' thinking might emerge from today's Treasury bill tender, at which the Bank has to decide whether to use its influence to keep the rate down or let it rise to over 12.5 per cent, back into line with the rest of the money market.

Last night the long top stock, which was issued in mid-November to yield 13.17 per cent to redemption, offered a yield of 14.05 per cent. Net of accrued interest this stock has fallen over 51 points in seven weeks. One immediate question is whether the January money supply figures, now being calculated by the authorities, will force the Government broker to test the market's appetite at an even lower level; assuming that is, that monetary policy is the only straw the Government has to cling to.

Trust Houses Forte

At 270p the share price of Trust Houses Forte reached a new all-time peak yesterday on profits near the top of the range of expectations. The pre-tax figure is up 46 per cent to £55.5m, and THF is in a position to raise its dividends in line with earnings—although because of a less favourable tax position than in 1975-77 the rise here is a slightly more modest 27 1/2 per cent. To round off a buoyant picture the story yesterday was that profits after three months of the current year are well up on last time, and forward bookings are higher than this time a year ago.

With trading receipts up just 16 per cent in 1977-78, THF has clearly been raising its margins rather than achieving any great surge in business volume. The weakness of the dollar, however, will have deflated the impact of its growth in the U.S. (where in dollar terms growth in hotel trading profits was much greater than the 39 per cent shown in the sterling accounts). Hotel profits in the U.K. were up just over a quarter to £38m, despite a fall in average occupancy to 78 per cent from the Jubilee Year peak of 81 per cent. Cheap bulk business booked several years ago has been running off, and with a more selective approach THF has evidently been able to achieve a substantial rise in its average effective room rate.

Meanwhile the process of balance sheet improvement continues, and aided by property revaluations equity capital has improved from 47 per cent to 59 per cent of capital employed. Further reasonable profits progress should be on the cards in the current year, though it might not be wise to be too ambitious given that UK consumer spending could be a little less buoyant and THF's employees could demand a slightly larger slice of the cake at the time of the pay negotiations in May. With a yield of 6.1 per

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